

## Agenda – Pwyllgor yr Economi, Seilwaith a Sgiliau

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Lleoliad: I gael rhagor o wybodaeth cysylltwch a:  
Ystafell Bwyllgora 1 – Y Senedd Gareth Price  
Dyddiad: Dydd Mercher, 29 Mawrth Clerc y Pwyllgor  
2017 0300 200 6565  
Amser: 08.45 [SeneddESS@cynulliad.cymru](mailto:SeneddESS@cynulliad.cymru)

### Digwyddiad i randdeiliaid i lansio'r adroddiad ar yr Ardoll

**Brentisiaethau – Ystafell Briffio'r Cyfryngau (Preifat) (08:45–09:45)**

**Rhag-gyfarfod preifat (09:50–10:00)**

**1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau**

**2 Cwmni prydlesu cerbydau rheilffordd – Ymchwiliad i ddarparu masnachfrait y rheilffyrdd a'r metro**

(10:00–10:40)

(Tudalennau 1 – 39)

Olivier Andre, Cyfarwyddwr Masnachol, Porterbrook Leasing Company  
Stephen McGurk, Cyfarwyddwr Cyfreithiol a Chaffael, Porterbrook Leasing Company

Dogfennau atodol:

Y Briff Ymchwil – Papur cefndir

Y Briff Ymchwil – Crynodeb o Dystiolaeth Ysgrifenedig

Y Briff Ymchwil – Cyfarfod

EIS(5)–10–17 (p1) Porterbrook (Saesneg yn unig)



### **3 Undebau llafur ym maes trafndiaeth – Ymchwiliad i ddarparu masnachfaint y rheilffyrdd a'r metro**

(10:40–11:20)

(Tudalennau 40 – 46)

Mick Cash, Ysgrifennydd Cyffredinol, Undeb Cenedlaethol y Gweithwyr Rheilffordd, Morwrol a Thrafnidiaeth (RMT)

Andrew Hudd, Aelod o'r Pwyllgor Gweithredol, Cymru a De-orllewin Lloegr, Cymdeithas Gysylltiedig y Peirianwyr Locomotifau a Diffoddwyr Tân (ASLEF)

Dogfennau atodol:

EIS(5)–10–17 (p2) Undeb Cenedlaethol y Gweithwyr Rheilffordd, Morwrol a Thrafnidiaeth (RMT) (Saesneg yn unig)

EIS(5)–10–17 (p3) Cymdeithas Gysylltiedig y Peirianwyr Locomotifau a Diffoddwyr Tân (ASLEF) (Saesneg yn unig)

**Egwyl** (11:20–11:30)

### **4 Trafnidiaeth Cymru – Ymchwiliad i ddarparu masnachfaint y rheilffyrdd a'r metro**

(11:30–12:30)

(Tudalennau 47 – 48)

James Price, Cadeirydd, Trafnidiaeth Cymru

Geoff Ogden, Rheolwr gyfarwyddwr, Trafnidiaeth Cymru

Dogfennau atodol:

EIS(5)–10–17 (p4) Trafnidiaeth Cymru

**Ôl-drafodaeth breifat** (12:30–12:40)

## Eitem 2

Mae cyfyngiadau ar y ddogfen hon

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1. Porterbrook is one of the original ROSCOs (Rolling Stock Leasing Company) created on privatisation in 1996. It is based in Derby and owns approximately 32% of the current rolling stock in the UK employing 105 staff. Since it was created Porterbrook has invested in excess of £3.2 billion in new rolling stock purchasing approximately 2,400 new rail carriages.
2. Porterbrook currently leases to Arriva Train Wales (ATW) the following rolling stock:

Arriva Trains Wales	CI143 DMU	22 cars
Arriva Trains Wales	CI150/2 DMU	72 cars
Arriva Trains Wales	CI153 DMU	3 cars

3. All of these are classified as self-powered vehicles diesel trains. At this stage, none of them are compliant with the Technical Standard for Operability for Persons with Reduced Mobility (PRM-TSI). This legal requirement comes into force on 1 Jan 2020 and if they remain non compliant the trains will not be permitted to operate in passenger service.
4. At this moment in time, the Class 143 (referred to as Pacers) will have no commercial viability for re-leasing on the UK rail network past the PRM-TSI deadline given the requirement from the DfT for them to be replaced in the Northern franchise as part of the franchise re let process. As a consequence of this decision Porterbrook has no intention to invest in them to make them compliant with PRM-TSI legislation.
5. The Class 150 DMUs which are currently core to the operations of ATW and are suitable for conversion to comply with PRM-TSI. Such conversion work would be a substantial commercial risk to Porterbrook at this stage as the conversion is only financially viable if the trains go on lease for a time that is sufficient to recoup the circa £10m investment from incremental lease rentals beyond the

PRM-TSI compliant date of 1 January 2020. Discussions are ongoing about the future of this fleet and the viability of such a modification programme with ATW and TfW.

6. The Class 153 DMUs are only 3 single cars and whilst they do not have the same stigma as the Pacers, no firm plans are in place to convert them to be complaint with PRM-TSI legislation. There are however designs in existence if it was considered operationally and commercially viable to perform the conversion work on these trains.
7. Porterbrook is currently offering its self-powered rolling stock to 4 concurrent franchise competitions – South West, West Midlands, East Midlands and, of course, Wales and Borders. As no rolling stock can be “reserved” as we have to secure operating leases for our rolling stock against competing fleets from other lessors – we therefore have to target the commercial deals that work best for the company and the fleets we have at any point in time.
8. Looking at the refranchising process it would appear that the South West franchise will be awarded first by the DfT, followed by West Midlands, then Wales and Borders by TfW and finally East Midlands by the DfT.
9. All these franchises have requirement for PRM-TSI compliant rolling stock and bidders have the choice between existing stock fleets leased from ROSCOs or new stock to be ordered from manufacturers which would then be built and financed.
10. In order to fill a gap in the supply of good quality self-powered rolling stock and make use of partial electrification, Porterbrook has developed the concept of the 319 Flex unit. 319 Flex is the conversion of existing dual voltage electrical multiple units that used to run on the Thameslink route which have now been displaced with new rolling stock to hybrid technology bi-mode units. The concept allows to work as a diesel train if no electrical supply is available but also make full use of the electrification if present either on an AC or DC basis.
11. The first class319 Flex units will be introduced into the Northern franchise in Dec 17 and will be available to other operators from 2018. In total, there are 86 four car units available for conversion with 32 units already committed to Northern until 2025.
12. Regarding the aspiration of TfW for a Metro Service in the new franchise, there will be, early in the next decade a surplus of Electrical Multiple units as a consequence of decisions that have been made to introduce new rolling stock

onto franchises such as Greater Anglia, South West and West Midlands. A large proportion of this surplus rolling stock will be capable of continued passenger service operation for many years. One such fleet which could be of interest for a Metro service is for Wales and Borders is the Class 323 fleet of trains. There are currently 43 units being used between the London Midland franchise (West Midlands franchise) and the Northern franchise. These units could be available for alternative franchises in 2021. Designed and built in the mid-90s, the so-called 3 car “regional EMU” was meant to be a large people carrier with excellent ingress/egress and good acceleration. These features make it ideal for a Metro type service. There may also be the possibility of utilising Class 319 Flex type technology to produce a flexible hybrid bi mode unit that would afford great flexibility in the electrification of any Metro based system.

13. We note the willingness of TfW to have a more vertically integrated Rail System with the appointment of an Operator and Development Partner (ODP). This is likely to attract different types of investors from the typical Rolling Stock Companies.
14. The length of the franchise of 15 years is atypical and, in the same way as the vertical integration, this will potentially attract long term infrastructure investors who would generally be more cautious on shorter DfT style franchises.
15. Finally, we note the iterative nature of the bidding cycle with a competitive dialogue phase with the bidders. As part of the supply chain, we can observe different ideas being explored by the different bidders. This is good news to achieve the optimum outcome. Caution is however necessary not to forego immediate pragmatism for futuristic aspiration. We are actively supporting the bidders, both for their short and long term aspirations.

# Eitem 3

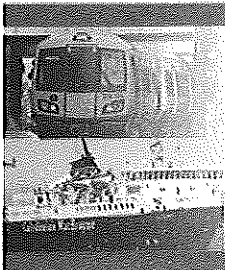
Cynulliad Cenedlaethol Cymru / National Assembly for Wales

Pwyllgor yr Economi, Seilwaith a Sgiliau/ Economy, Infrastructure and Skills Committee

Masnachfrait Rheilffyrdd a chyflwyno Metro / Rail Franchise and the Metro

Ymateb gan Undeb Cenedlaethol y Gweithwyr Rheilffordd, Morwrol a Thrafnidiaeth / Evidence from National Union of Rail Maritime and Transport Workers





# National Union of Rail Maritime and Transport Workers



Economy, Infrastructure & Skills Committee  
National Assembly for Wales,  
Ty Hywel,  
Cardiff Bay,  
CF99 1NA.

28 February 2017

Dear Colleagues,

## **Economy, Infrastructure & Skills Committee Consultation Rail Franchise & The Metro**

The National Union of Rail, Maritime and Transport Workers (RMT) welcomes the opportunity to respond to the Economy, Infrastructure & Skills Committee Consultation *Rail Franchise & The Metro*. The RMT is the largest of the rail unions and organises 80,000 members across all sectors of the transport industry. We represent and negotiate on behalf of our members with some 150 employers and we are the only rail union representing all grades in Wales.

In order to ensure that the franchise meets the needs of current and future travellers throughout the franchise area, and deliver value for money for both passengers and the taxpayer, RMT believes that a number of matters need to be addressed. These include:

### **Rail Devolution**

RMT believes that Network Rail should not be fragmented and/or privatised. It is essential to ensure that the Welsh Government is not used to further advance the fragmentation of Network Rail. Network Rail's successful expansion of railway capacity and the ability to direct national income to cross invest across England, Scotland and Wales should be recognised and protected.

RMT believes that economies of scale are best achieved through a centralised structure and that such a structure should include strategic control and management, economic cohesion, industrial integration, social unity and cohesion of the railway as a whole. Additionally the setting of strategic, economic, social and technical policy directions can only be achieved efficiently when undertaken centrally. The coordination of activity between train and track is another function where a national centre can gain improvements, in addition to raising revenue from real estate and managing (with a view to reducing) the rate at which debt is accrued.

Where there is the potential for genuine rail devolution, on elements of the network which are almost entirely self-contained and where there is already established a significant level of political devolution with the capacity (as is the case in Wales), both in funding and expertise, to manage a section of the network this should be limited to passenger train operations (not infrastructure) and RMT wish to reiterate that Network Rail's functions should include acting as a "guiding mind" for such endeavours in rail operations.

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**General Secretary:** Mick Cash

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Tudalen y pecyn 41

In relation to passenger train operations, RMT believes that the Welsh Government should be granted powers similar to those enjoyed by the Scottish Government, including the ability to operate rail passenger services in the public sector.

RMT is also concerned that the so-called not-for-profit concession model is being advocated by some forces in Welsh politics as an alternative to genuine public ownership. Such a model, as that used by Merseytravel for the Merseyrail, does in fact continue to pay very substantial dividends to the private operator of the concession (in some cases amounting to almost 25% of passenger revenue, which alternatively could be used to invest in services or reduce ticket prices).

### **Rolling Stock**

RMT is concerned at the specification of new rolling stock where it is being introduced across the rail network. We are particularly concerned that new rolling stock is often specified to be capable at running without a second safety critical member of staff on-board (DOO/DCO), a practice which increases risk to both passengers and staff. Current and future passengers should be able to expect adequately staffed rail services which recognise the following points:

- RMT believes there should be a specified minimum number of staff on every train and this must, as an absolute minimum, be a Driver and a Train Guard with a safety critical operational role.
- RMT believes that drivers should focus only on driving the train. There should be no Driver Only Operation (DOO), Driver Controlled Operation (DCO) and Driver Door Operation (DDO) specified within franchise documentation.
- RMT and passengers recognise the benefit of having a second member of staff on every train and properly staffed stations. In respect of train and station staff the contract must be specified to maximise the availability of such staff for passengers. Stations and trains should be staffed on a first to last service basis as adopted by Transport for London and should be full time directly employed staff and not agency workers or sub-contractors

*RMT responded to the earlier Welsh Government Consultation 'Setting the Direction for Wales and the Borders Rail' and the UK Government Welsh Affairs Committee and I have attached both for further information.*

RMT has engaged positively with the Welsh Government in the past, and looks forward to continuing to develop that relationship in the best interests of passengers and railway staff in Wales.

We are also available to give oral evidence and would welcome the opportunity to do so.

Yours sincerely



**Mick Cash**  
**General Secretary**

1. The Associated Society of Locomotive Engineers and Firemen (ASLEF) is the UK's largest train driver's union representing approximately 20,000 members in train operating companies and freight companies as well as London Underground and light rail systems. The union has just under 650 members in Wales.
2. There are many important network enhancements ahead for the Wales and Borders franchise. After years of debate between the Welsh and UK governments, ASLEF supported the deal which was reached to allow the electrification of the Great Western Mainline to Swansea and the Valley Lines. Electrification will bring numerous benefits and many long term savings.
3. ASLEF believes there is no case for private ownership of the railways anywhere in the UK based on the amount of money which leaks from the industry to the pockets of private shareholders on top of the enormous levels of subsidy from the taxpayer. In fact, the Welsh rail network is arguably better suited to public ownership than in any other part of Britain.
4. The union notes that taxpayer subsidy to the Wales & Borders network in 2014-15 was about £302 million with approximately £93 million of this in direct government receipts and around £209 million in network grants. Yet despite such levels of taxpayer support, the franchise

operator Arriva was able to record a surplus of £16 million and pay a dividend of £15 million.

5. Government subsidy therefore makes up nearly two thirds of Arriva Trains Wales total income. The Welsh people as passengers and taxpayers provide the majority of the funding for the rail network in Wales yet a private company extracts profit from this. ASLEF does not believe this is a fair or sensible system.
6. The Welsh rail network needs investment. There has been chronic underfunding of the rail network in Wales. Figures from the Treasury's Country and Regional Analysis document show that expenditure on transport in Wales was £320 per head in Wales in 2014-15. This compares with £514 in Scotland and £600 in London. It is clearly best for this money to come from the public purse. But it is wrong for this to happen whilst profit making companies continue to take money out of the industry. Whilst improved rail infrastructure benefits passengers and the Welsh economy, it also allows the private firms who do not invest into the network to increase their profits. This investment can therefore be seen as a further example of subsidy to the Train Operating Companies.
7. ASLEF welcomes the Welsh Government's plans to establish a "not-for-profit" Transport for Wales company to deliver services, however the union doesn't believe such a body is enough and regrets that that this will still involve tendering to the private sector for these services. ASLEF regrets that the Welsh government has not asked for the powers to keep rail services in the public sector. Only by allowing the Wales and Borders franchise to be run by the public sector, without money leaving the industry, can we truly reap the full benefits of rail investment.

8. That said, ASLEF believes that the proposed model does move in the right direction compared to the old franchising system. The union welcomes the fact that car parks, shops, smart ticketing and ticket revenue will all come under the control of the not-for-profit Transport for Wales. The union also believes that whilst a management contract arrangement is not the public ownership ASLEF seeks, it is preferable to franchising which sees ticket revenue go to a private company. A capped fee for running services is therefore a way of restricting excessive profit and ensuring surplus cash can be reinvested, rather than leaving the industry in dividends.
  
9. ASLEF believes there is a strong case for the electrification of the network in north Wales. We support upgrade work to the Wrexham to Chester line, Wrexham-Bidston line and the lines between Holyhead and Crewe. This should be the first step in electrifying the Network in north Wales which connects to large cities in the north west of England. Furthermore the union strongly supports station upgrades and improved accessibility, as well as line extension and new stations such as at Ebbw Vale Town.
  
10. Whilst this enquiry is specifically concerned with the Welsh passenger franchise, ASLEF hopes that the Welsh government ensures that rail freight is a key consideration when looking at specification. Whilst we want to grow passenger capacity and promote the use of public transport, it is essential that this is balanced with the growth of rail freight in Wales. Each tonne transferred by rail rather than by road cuts CO2 emissions by 76%. More than 7.6 million road journeys are saved by transporting goods by rail. This is the equivalent of 7,000 HGVs driving from London to Edinburgh every day. Wales must ensure that its businesses and its people share in these benefits. ASLEF believes that infrastructure changes must include the opportunity for rail

freight growth to support the Welsh economy and employment in all sectors.

11. ASLEF therefore cautiously welcomes the new structure proposed by the Welsh government for the running of services, yet feels that an opportunity has been missed to bring the service truly back into public ownership and stop money leaving our industry in profits. ASLEF looks forward to working with the newly formed “Transport for Wales” to ensure that the railway in Wales provides a quality service where people are put before profit.

Mick Whelan  
General Secretary  
ASLEF  
77 St John Street  
London  
EC1M 4NN

## Trafnidiaeth Cymru - Tystiolaeth ar gyfer Ymchwiliad Pwyllgor Seilwaith a Sgiliau'r Economi i'r Fasnachfaint Rheilffyrdd newydd a'r Metro

### Diweddariad ar y Broses Gaffael

#### Cefndir

1. Yn 2014 cyhoeddwyd y byddai'r cyfrifoldeb am fanyleb a chaffael y gwasanaeth rheilffyrdd nesaf ar gyfer Cymru a'r Gororau'n cael ei drosglwyddo i Lywodraeth Cymru.
2. Mae Trafnidiaeth Cymru yn gwmni dielw eiddo llwyr a sefydlwyd gan Lywodraeth Cymru yn 2015 er mwyn darparu cefnogaeth ac arbenigedd mewn cysylltiad â phrosiectau trafniadaeth gyhoeddus yng Nghymru. Ar ran Llywodraeth Cymru, rydym yn cynnal proses gaffael ar hyn o bryd ar gyfer Gwasanaeth Rheilffyrdd nesaf Cymru a'r Gororau, gan gynnwys Metro De Cymru.

#### Ymgynghoriad Cychwynnol

3. Rhwng misoedd Ionawr a Mawrth 2016, cynhaliodd Llywodraeth Cymru ymgynghoriad ar y trefniadau ar gyfer gwasanaethau rheilffyrdd a gweithrediadau gorsafoedd ar gyfer Gwasanaeth Rheilffyrdd nesaf Cymru a'r Gororau. Cyflwynodd yr ymatebwyr safbwyntiau ar amrywiaeth eang o feysydd.
4. Roedd y meysydd blaenoriaeth a awgrymwyd ar gyfer eu hystyried yn cynnwys lleihau amseroedd siwrneiau yn gyffredinol, lleihau costau, gwelliannau gallu, gwell hygyrchedd, gwell cysylltedd a hefyd gwell prydlondeb, dibynadwyedd ac ansawdd. Yn seiliedig ar ganlyniadau ymgynghori ac ymgysylltu, datblygodd Llywodraeth Cymru ei Blaenoriaethau Polisi ar gyfer Caffael Partner Datblygu ar gyfer Gwasanaeth Rheilffyrdd Cymru a'r Gororau a Gweithredwr y Metro.<sup>1</sup>

#### Y Broses Gaffael Hyd Yma

5. Lansiodd Trafnidiaeth Cymru ymarfer caffael ym mis Gorffennaf 2016 i sicrhau gweithredwr a phartner datblygu (GPD) i weithredu gwasanaeth Rheilffyrdd Cymru a'r Gororau ac i fwrw ymlaen ag agweddau allweddol ar gam nesaf Metro De Cymru. Bydd y GPD yn cydlynu gwaith gan amrywiaeth o gontractwyr YCC (Ymgysylltiad Contractwr Cynnar) er mwyn creu gwelliannau a fydd yn darparu ffordd o feddwl drwy edrych ar y system gyfan, gan sicrhau bod y blaenoriaethau'n arwain at well gwasanaeth i deithwyr.
6. Ym mis Hydref 2016, cafodd pedwar ymgeisydd eu datgan a'u henwi fel rhai â diddordeb mewn datblygu'r fasnachfaint nesaf. Ym mis Tachwedd 2016, cyflwynodd yr ymgeiswyr hyn eu datrysiadau bras i Trafnidiaeth Cymru.
7. Darparwyd blaenoriaethau polisi Llywodraeth Cymru i ymgeiswyr posib ar ddechrau'r broses gaffael, gyda disgwyl bod y ceisiadau'n cyd-fynd â'r blaenoriaethau hyn, yn amodol ar drafod cystadleuol.

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<sup>1</sup> <http://gov.wales/topics/transport/transport-for-wales/procurement/?skip=1&lang=cy>

8. Dechreuodd y trafod gyda'r ymgeiswyr ym mis Ionawr 2017. Mae trafod cystadleuol yn broses lle rydym yn gweithio gyda'r ymgeiswyr i ddatblygu contract sy'n sicrhau cyflawni ein hamcanion lefel uchel, ac ar yr un pryd caniatáu i ymgeiswyr fireinio eu datrysiadau unigryw eu hunain i fodloni cyfres o ofynion manwl, sy'n gyffredin i'r holl ymgeiswyr, ac y bydd pob cwmni'n ymgeisio yn eu herbyn yn y pen draw.

9. Ym mis Chwefror lansiodd Trafnidiaeth Cymru ymgynghoriad 12 wythnos pellach sy'n rhoi cyfle i'r cyhoedd rannu eu safbwyntiau am y gwasanaeth newydd, gan helpu fel sail i'r trafodaethau gydag ymgeiswyr. Mae'r ymgynghoriad yn cael ei gefnogi gan Transport Focus. Mae digwyddiadau ymgysylltu rhanbarthol yn cael eu cynnal mewn gwahanol leoliadau ledled Cymru er mwyn hwyluso ymatebion. Daw'r ymgynghoriad i ben ar 23 Mai.

#### Proses Gaffael wrth Symud Ymlaen

10. Cynhelir y broses dendro derfynol rhwng misoedd Gorffennaf a Medi ac mae disgwyl y caiff y contract ei ddyfarnu erbyn diwedd y flwyddyn hon, gyda'r gweithrediadau'n dechrau ym mis Hydref 2018.

#### Proses Ddatganoli

11. Rydym yn symud ymlaen gyda'r caffael hwn ar sail y cytundeb a luniwyd rhwng Llywodraeth y DU a Llywodraeth Cymru yn 2014 i drosglwyddo swyddogaethau masnachfrait.

12. Mae cyflawni ein huchelgais yn dibynnu ar Lywodraeth y DU yn bodloni disgwyliadau Llywodraeth Cymru mewn perthynas â'r canlynol:

- Llywodraeth y DU yn trosglwyddo'r pwerau ar amser ac fel y cytunwyd;
- Llywodraeth y DU a Network Rail yn cytuno ar gynlluniau ar gyfer Cledrau'r Cymoedd, sy'n cael eu trafod ar hyn o bryd;
- Yr Adran Drafnidiaeth yn cytuno i drefniadau ariannol addas ar gyfer seilwaith Cledrau'r Cymoedd.

Trafnidiaeth Cymru

Mawrth 2017