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| Cynulliad Cenedlaethol Cymru   | National Assembly for Wales   |
| Y Pwyllgor Menter a Busnes   | Enterprise and Business Committee                                       |
| Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru | Inquiry into the Priorities for the future of Welsh Rail Infrastructure |
| WRI 31   | WRI 31  |
| Rail Delivery Group  | Rail Delivery Group   |

## Rail Delivery Group

**Response to:**

**Enterprise and Business Committee**

**Inquiry into the Priorities for the future of Welsh Rail Infrastructure**

**January 2016**

# **Rail Delivery Group Response to the National Assembly for Wales' Enterprise and Business Committee Inquiry into the Priorities for the future of Welsh Rail Infrastructure**

## **Background**

The Enterprise and Business Committee is seeking evidence on a number of key issues to define the strategic and institutional context for the provision of rail infrastructure in Wales. The Rail Delivery Group is pleased to have been asked to submit written and oral evidence to the Committee.

## **The Rail Delivery Group**

The Rail Delivery Group (RDG) was established in May 2011 to lead the industry in delivering a higher-performing, more cost-effective and sustainable rail network for Britain's rail users and taxpayers.

The RDG brings together the chief executives of passenger and freight operator owning groups with Network Rail. The RDG develops policies, strategies and plans for the coherent management of the rail industry, and advances the provision of safe, efficient, high-quality rail services.

The RDG's mission is to promote greater co-operation between train operators (passenger and freight) and Network Rail through leadership in the industry and by working together with Government, the supply chain and stakeholders.

It is committed equally to the long-term health of the railway as well as the need to see improvement in the shorter-term.

It does this by developing strategies for the industry to put into practice and by proposing solutions for policy makers to implement.

The RDG works closely with Ministers, officials and wider stakeholders across Great Britain.

## **Priorities for future infrastructure in Wales**

RDG member organisations are submitting evidence to the Committee, and therefore this response is focused at the strategic level, principally addressing cross-border issues and the opportunities that exist to continue and build on the successful delivery of improved services, supporting the Welsh Government in its objective to deliver sustainable economic growth and future prosperity.

Effective transport provision delivers benefits to passengers, freight users and to the wider economy. Connecting communities, people and employment opportunities, while providing capacity for growth is essential. Rail is a core component of the transport system, and can

continue to contribute to this with integrated planning and partnership between operators, Network Rail and the Welsh Government

The rail industry in Control Period 6 (2019-2024) and beyond has significant opportunities to contribute to Wales. These include:

- Benefits to connectivity and journey times as High Speed 2 is constructed and integrated with the wider network in Wales
- Electrification of the South Wales Main Line and Cardiff Valleys Line
- The opportunities for improved services delivered through new train control technology and increased physical capacity to run trains

Many of these major opportunities can be supported and delivered by planning the specification and provision of passenger and freight services efficiently, aligning improvements to passenger and freight services with the completion of both major and smaller-scale enhancements and improvements, and integrating with wider strategy and policy to maximise the financial and economic benefits secured.

### **The current planning environment**

The industry is already working closely with Ministers and officials to develop plans that support future growth and improvements to the rail network. The Wales Rail Industry Leaders Group provides a forum to discuss and progress strategic and policy issues, and there is regular discussion and engagement through both the industry's Long Term Planning Process (LTPP) and the development of the policy framework that will lead to the anticipated production of the England and Wales High Level Output Specification (HLOS) in July 2017.

The RDG, both as an organisation and through its members, will work to continue this engagement and develop visible and transparent strategic platforms that support Welsh priorities.

At present, there are a number of strategic reviews of the industry in process – including the Bowe Review of CP5 processes, the Hendy Review of Network Rail's Delivery Plan, the Shaw Review addressing industry structural and funding issues, and the UK Department for Transport's project to ensure that industry regulation is effective. These have the potential to change and improve current structures and relationships.

The fundamental challenges and opportunities for the network will continue, and it is important that focus and momentum is not lost.

### **Devolution**

While the Railways Act 2005 devolved full funding and specification responsibilities for the network in Scotland to Scottish Ministers, this is not the current status of the railway in Wales. Full responsibility for the management and re-letting of the Wales and Borders franchise is proposed to be transferred to the Welsh Government before the current franchise expires.

The establishment of the Welsh Route by Network Rail has provided a strategic focus. The St David's Day agreement also accepted the Silk Commission's recommendations to give the Welsh Government a greater role in the consultation process for appointing a new franchise operator for long-distance cross-border rail franchises.

Devolution of specification and funding can provide more flexibility and responsiveness for users and funders. Long-distance passenger and freight services are provided to meet user demand, and cross both administrative and railway boundaries. In order for rail services to provide the greatest benefit, this needs to be factored into decisions on devolution going forward. Train operators and users are focused on the delivery of efficient, value-for-money services that meet their needs.

In its response to the Shaw Review, the RDG has set out its views on how the industry builds on and develops its structures, roles and responsibilities. Supporting devolved administrations and stakeholders is central to the RDG's approach to delivering outcomes that reflect both transport priorities and wider objectives.

There is clear potential for further devolution of both strategy and funding to the Welsh Government, and, if this is managed with a clear focus on outcomes, the RDG considers that this could deliver benefits.

### **Supporting future growth**

With nearly 50% passenger growth over the last decade, which continues, and improving levels of punctuality for the Wales and Borders franchise – 0.8% higher at 92.6% PPM<sup>1</sup> in Q2 2015/16, there is a sound basis upon which to take the network forward. The RDG's view is that this has been facilitated through a multi-annual financial settlement for Network Rail and the certainty and clarity provided by consistent and transparent specification of franchised passenger services.

Any changes should recognise that investment and improvements to the network are facilitated through long-term funding, given the lifespan of railway assets, both infrastructure and rolling stock, and the need to ensure that benefits are secured. Provision of long-term capacity, for example through providing routes suitable for larger and heavier freight vehicles, needs to be considered holistically and to ensure that opportunities across the network are taken in the context of a long-term vision.

Devolution of funding, as distinct from devolution of management and specification, has significant financial implications, and the industry would anticipate that the Welsh Government would be clear as to the apportionment of risks and opportunities before progressing this.

The RDG recognises the scale of the Welsh Government's ambition for rail as part of an integrated transport and economic policy. The proposals for Cardiff Metro, which would transform the provision of public transport in South Wales, will require major changes to both

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<sup>1</sup> The Public Performance Measure records the number of trains that arrive at their final destination up to 10 minutes late (5 minutes on Cardiff Valley routes and North Wales local services)

infrastructure and service provision, and we would anticipate working closely with the Government and wider stakeholders to drive efficiency and bring the experience of best practice elsewhere in the network to support the delivery of this and other key projects.

### **Relationship between the GB and Welsh networks**

Transport systems are provided to meet demand from users. It is important to recognise both the contribution that rail services make to domestic Welsh travel and the connectivity that is provided to England for both passengers and freight.

The establishment of the Wales Route within Network Rail provides a clear focus on meeting the needs of Welsh stakeholders, while recognising that the rail infrastructure is integrated with the wider British network and can be planned to take advantage of strategic initiatives and to align with the requirements of passengers, freight users and operators going forward.

The rail network in Wales reflects both the economic and physical geography of the country. The importance of the Marches Line to North-South connectivity and integrating North, South and Mid-Wales is central to national cohesion. The South Wales Main Line, the Cambrian Line and the North Wales Coast Main Line are key links for both domestic travel and to connect Welsh communities and businesses to wider markets and destinations.

Strategies for planning and developing the Welsh rail network are already aligned with the wider GB system. The LTPP reflects this through both GB-wide Market Studies and the alignment of the Welsh Route Study (currently in draft) with the Western, West Midlands and Chiltern and North of England Studies, as well as the West Coast Strategic Study and the Capacity Plus study looking at how to deliver maximum benefits between the completion of Phase 1 and Phase 2 of HS2.

Ensuring that planning recognises the interdependencies between domestic and cross-border rail services can assist in developing positive business cases for improvements to the network. The synergy between Welsh and GB priorities on the North Wales Coast Main Line, for example, is clear, as the opportunities around electrification, journey time improvements and more frequent services can be aligned with HS2's emerging Crewe Hub and the Northern Powerhouse to maximise the benefits along this key corridor, which is also part of the Trans-European Networks (TENS) for connectivity to Éire.

As the industry engages with the UK government, devolved nations and English regional authorities going forward, it is well placed to support and engage with the Welsh Government to provide visibility of the network strategic issues, as well as identifying opportunities and synergies. The RDG strongly supports this partnership working.

With major projects being delivered across the network, and with government's continued commitment to further development of the rail system, this needs to be integrated with and support the continued growth and development of the rail supply industry in Wales and across the UK, so that it can provide sustainable, efficient service to the industry. Providing clarity in a long-term framework across the network is important to ensuring that the whole industry can identify the most effective way of delivering strategic outcomes.

## **Planning beyond 2019**

Current institutional structures require the UK Secretary of State for Transport to specify network outputs and funding for rail infrastructure in both England and Wales.

The industry's strategic planning for Wales has been developed with input and support from both the Welsh Government and the Department for Transport. What is clear from this process is that collaboration and transparency are essential to effective delivery going forward. Priorities for the next regulatory control period (2019-2024) are already emerging, which provides clarity as to what funders will require from the industry.

The recent recommendations from the Bowe Review supported more bespoke specification and management of major projects going forward. This certainty is important for the industry in its development of strategies and plans, and will also assist in setting the right level of specification for the next Wales and Borders franchise.

The RDG welcomes close collaboration between the Welsh and UK governments to develop strategic priorities and outputs for the rail network, and will provide active support in advising on the opportunities and challenges around any further institutional changes.

## **Conclusion**

The Welsh network has seen significant growth and ongoing investment. It must be seen as part of a wider British system that delivers benefits in cross-border connectivity. There is already a strong framework in place to support and deliver Welsh Government priorities – and the challenge for the industry and government is to build on this through any changes to either government or rail industry structures, while putting the needs of passengers, freight users and taxpayers at the centre of both planning and decision-making.

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