



## Department for Transport

### **National Assembly for Wales EIS Committee inquiry - Rail Franchise and Metro**

#### **Submission from the Department for Transport**

The UK Government agreed in principle to devolve the Wales and Borders franchise in November 2014 so that the Welsh Government could lead on procurement of its replacement from October 2018.

Through its agency, Transport for Wales (TfW), the Welsh Government is currently progressing a wider procurement of an operating and delivery partner for a combined Wales and Borders franchise operation and development of a South Wales Metro system (including enhancement and taking over the management of the core Valley Lines).

In October last year, agreement was reached with the Welsh Government on the geographical scope of their franchising powers and on the terms of an 'agency' agreement enabling the Welsh Ministers to exercise certain powers of the Secretary of State in order to announce their shortlist of bidders, in advance of the transfer of franchising powers.

It has been agreed that the Welsh Ministers should be provided with statutory franchising powers within Wales. In addition they should be provided, through a further agency agreement, with the necessary powers to specify and manage the English component of cross-border services and services wholly within England subject to certain requirements in relation, for example, to the franchise's specification and management in respect of England and future funding. This approach ensures the Secretary of State's democratic accountability for rail operations in England, while avoiding the need to remap any current Wales and Border services to other franchises.

The Department is working closely with the Welsh Government and TfW both to support their procurement exercise and to reach final agreement on the terms of devolution; and is expecting to have completed all necessary steps in time to enable an Order to effect a transfer of franchising powers to come into force before the end of this year.

In recognition of the fact that the Secretary of State has legal obligations to consult Passenger Transport Executives on new franchises, the current Welsh Government public consultation on the priorities for the next franchise is also being undertaken on behalf of the Department for Transport.

24 March 2017