



North Pembrokeshire Transport Forum Fforwm Trafnidiaeth Gogledd Penfro

News Briefing – October 2016

Planning for the next Wales and Borders Rail Franchise

Pre-Qualified Bidders for the Franchise & the Metro Revealed

On 12th October Economy and Infrastructure Secretary Ken Skates announced the bidders selected to progress to the next stage in the procurement process to operate rail services in Wales and the Borders from October 2018, as well take forward key aspects of the next stage of Metro. They are: Abellio Rail Cymru, Arriva Rail Wales/Rheilffyrdd Arriva Cymru Limited, KeolisAmey and MTR Corporation (Cymru) Ltd.

Bidders will now progress to the next stage having demonstrated to the Welsh Government a track record and appetite for providing high quality services as well as the financial standing and expertise to ensure delivery.

Visit <http://gov.wales/newsroom/transport/2016/161013-rail-operator-shortlist-revealed/?lang=en> for full details.

The House of Commons Welsh Affairs Select Committee Inquiry

1 Evidence Sessions

- 17th October: Ken Skates AM (Welsh Government Cabinet Secretary for Economy and Infrastructure), Simon Jones (Welsh Government Director, Transport and ICT Infrastructure), Cllr Samantha Dixon (Chair, North Wales and Mersey Dee Cross-Border Rail Task Force), Ashley Rogers (Chair, North Wales Business Council), and Iwan Prys Jones (Programme Manager, North Wales Economic Ambition Board).
- 24th October: Paul Maynard MP (Parliamentary Under-Secretary of State, Department for Transport) and Eddie Muraszko (Deputy-Director, Midlands, North and Wales Market, Department for Transport).

2 Extracts from the Oral Evidence

Background Information

Ken Skates: [Re Arriva's level of satisfaction] I think we have to go back to 2003 and recognise that the franchise that was awarded was based on a zero-growth contract and therein lies a huge failure... ..it was a minimal requirement that was set out for investment in growth and there was no requirement within the contract to meet any additional demand that could have come over the course of the franchise.

Operation of the Franchise

Ken Skates: Since we have been franchise manager since 2007, we have seen passenger satisfaction levels that compare quite favourably with the network across the UK... we have provided something in the region of £30 million each year for extra services. But there are still problems with the service in terms of capacity, punctuality and so forth that require attention. Arriva would be right to identify their performance as being in line with industry standards across the UK. I think, in fairness to Arriva, they are performing in the top half of the league table.

Looking to the Future

Ken Skates: [Re investment priorities] Capacity...journeys by rail must be better integrated with other forms of public transport...improving journey times and making journeys swifter...We do need more powers...particularly over regulating bus services...we do not yet have all the powers that are required and will enable us to make a truly integrated system, but...we expect to have those.....The North Wales mainline needs electrifying. We need electrification as soon as possible right the way through to Swansea. We also need work to be carried out on modernising stations.

Simon Jones: The headline for the consultation that we ran earlier this year was that the response wanted was reducing overall journey times...reducing costs, improving capacity, access and disability provision, improved punctuality, reliability and quality.

Ashley Rogers: The franchise is really the biggest and most immediate chance we have to transform and revolutionise economic growth...We need to get people off the roads and on to rail, and currently there is not enough capacity to do that... The current route that we have in terms of the northwest and Cheshire, Wirral and North Wales represents the same footprint as our economy, so we desperately need that to stay the same.

Cllr Dixon: We want to see an increased frequency of services at times when commuters need them...an improvement in journey times on long-distance services...maintain and improve cross-border services...a meaningful commitment to the role of community rail partnerships.

Iwan Prys Jones: To significantly grow the number of trains and grow the number of people who are using the network in such a way that can support economic growth in the cross-border region... the arbitrary lines on maps...get in the way of the types of journeys that passengers want to make...what is necessary is a fully integrated network that enables people to get to the destinations that they are seeking to get to...From a business perspective, it is one economy, it functions as a single economy, but we struggle to provide a transport network that works within that single economy.

Paul Maynard: The Wales and Borders franchise should stay as it is...passengers want to see a unified and coherent network and that means that we need to retain the current franchise...any rail franchise has to be a viable economic unit...to meet the needs of passengers...We are not remapping the franchise.

The Transfer of Powers and Financial Resources

Ken Skates: [Re the transfer of powers] There are some elements that are to be finalised...I am satisfied that the position we are in today is where we would wish to be in the overall timeframe of the procurement exercise...With devolution of power you have to make sure you can get the funding agreed and watertight...the disparity between Wales and Scotland must be addressed...but discussions are taking place amicably and constructively...

There are financial discussions that need to take place with the UK Government before we reach a final financial settlement...we need for infrastructure in Wales every penny that we would have benefited from had Britain voted to remain in the EU and were to remain in the EU...there will be risks, particularly to the metro project, if we do not have a guarantee of every penny coming to Wales that we have based our proposals on...The discussions that have taken place...have been very amicable, very constructive...issues remain to be resolved. We hope to see them resolved in the next four to five months.

Simon Jones: The fact that rail infrastructure is not devolved to Wales will make it more difficult for us to tie together the needs of the franchise with our delivery objectives, because we cannot control all the pieces of the jigsaw.

Paul Maynard: [Re transfer of orders powers] We should be making the transfer of orders powers in roughly a year's time, which would allow the franchises to start on schedule...the broad principles have already been agreed back in November 2014... but there are a number of outstanding issues that will still need to be decided, not least the future management of some stations currently in England, the investment in the Valley lines, the transfer of ownership potentially to Network Rail, and also some of the impact of future regulatory reviews...Relations between the Welsh Government and ourselves at the Department are very good—very open, transparent and co-operative. We are working through all of these issues in as constructive a manner as possible.

[Re financial resources] We have been quite clear that if the Welsh Government continue to make bids into the European Union while we are still a member of the European Union and is successful in those bids—for example, for the South Wales Metro project—then after we have left the European Union we will guarantee that funding in the future...

[Re devolving the financing of the Welsh rail infrastructure] Very difficult to assign transport infrastructure spending to a particular region...It is very hard to say that the full benefit of any infrastructure enhancement only accrues to the region in which it takes place...The key thing about the devolution agenda is that it gives all Ministers in devolved Governments and myself more tools at their disposal to assess Network Rail's performance because we will be able to compare region with region...I hope that that will be able to make for more meaningful discussions when meeting with Network Rail officials.

Specifications for the Next Franchise

Ken Skates: [Re the franchise length] 15 years is acceptable because it enables continuity, which is necessary to get the best possible transformational change...We also need... formal reviews at years 5 and 10 to assess the performance of the successful bidder...there should also be termination rights built into the contract in the event that non-compliance or default are experienced...We also want to make sure that the right incentives are in place so that capped profits can drive increasing passengers and also quality.

Paul Maynard: [Re the franchise length] There is no real magic figure as to what the ideal length of a franchise is...you need to be able to ensure that anyone investing in the franchise is getting a return on that investment. That leads you towards a much longer franchise length.

[Re rolling stock] It will be a decision for the Welsh Government how they meet the increased demand on the part of passengers for rail travel and also, most importantly, the accessibility regulations that will be introduced in time for 2020...The Welsh Government will have options as to how they deliver on their objectives in terms of rolling stock, and that is a decision they will have to make on the basis of what they think are the appropriate options they have available...

Franchise Procurement Process

Ken Skates: [Re a not-for-profit franchise] We have set up Transport for Wales, which is a not-for-profit company, which will lead on managing the franchise...operating as a wholly owned subsidiary of the Welsh Government, so owned by Welsh Ministers, initially tasked to design and to let the next Wales and Borders franchise.

Simon Jones: We have some core individuals...who were brought in specifically to help us because of their background. We have a supply chain that is used to working for the Department for Transport (DfT) on franchise arrangements...we have brought in people from slightly different industries to help bring a different perspective...The companies that we have announced as bidding for this work have considerable buying power...It is not just our buying power, it is their buying power as well that we would be leveraging...over the course of the last year, we have been talking to not just operators, but providers of rolling stock.

Eddie Muraszko: Since the beginning of the year when we were advised of the plans that Transport for Wales have, we have actively engaged to provide our experience and expertise. At my initiative, we offered a workshop where policy colleagues of mine spent I think the best part of a day briefing people from Transport for Wales who came to London and had a full download of everything that we are thinking in different policy areas around fares, smart ticketing and stuff like that, and that was extremely well received.

When Transport for Wales was producing its next phase of documentation to go out to the bidders, they asked us to review them...we...got a lot of comments back to them and they were very gratefully received...and we continue to volunteer our expertise. We also look forward to learning from them because they are doing something quite different and we may well learn from them. We are not the fount of all knowledge, so it is a very co-operative way of working together at the moment...I believe they have the expertise. It is a growing team down there. I have lots of meetings with them. They are embarking on an ambitious and novel procurement process, there is no doubt, and we will be doing all we can to provide our assistance as we go forward.

Visit www.parliament.uk/business/committees/committees-a-z/commons-select/welsh-affairs-committee/inquiries/parliament-2015/wales-rail-franchise-16-17/publications/ to consult and/or download all of oral and written evidence.

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The North Pembrokeshire Transport Forum is an independent voluntary group that works for the provision of an effective integrated transport system in the North Pembrokeshire area, promotes the benefits of public transport and works towards the greater use of public transport systems. The Forum is a member of Bus Users UK Cymru, the Environmental Network for Pembrokeshire and the Pembrokeshire Rail Travellers Association.

The Forum's work is supported by:

Individual Members (£5 p.a.), Family Members (£8 p.a.) & Corporate Members (£12 p.a.)

(Corporate members include town and community councils, transport operators, and groups, organisations and associations with a transport interest)

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