

## **COUNCIL FOR ECONOMIC DEVELOPMENT**

### **UPDATE ON TRANSPORT FOR WALES AND THE WALES AND BORDERS RAIL SERVICE**

#### **Introduction**

The parliamentary processes to devolve rail franchising functions to Welsh Ministers in respect of Wales and Borders services in Wales has been concluded and we have now got a set of agreements in place with the Secretary of State for Transport which have enabled us to procure the new Wales and Borders rail service and manage it from 14 October 2018.

#### **New Wales and Borders rail service contract award**

We have recently announced that the contract to operate and develop the Wales and Borders rail service and the South Wales Metro has been awarded to KeolisAmey. The contract will run for 15 years and will see service developments for all areas of Wales, including the South Wales Metro area where delivery of our vision requires significant enhancements to the infrastructure.

Transport for Wales, as a not-for-profit arms length company of the Welsh Government, has led the procurement and is now well established to partner with the new operator to ensure that real improvements are delivered.

#### **Future Wales and Borders delivery**

The primary focus of the procurement process has been to go beyond a like-for-like replacement of rail services, using the levers presented by the investment to embed the delivery of cross-Government objectives in the rail services contract. The structure of the contract has been designed to be consistent with the Local Government Reform agenda.

Passengers' key priorities will be at the centre of the new service, with a focus on alleviating concerns around seating capacity, journey times, service frequency, quality and cleanliness. This partnership provides the route to build our capability to develop and deliver the Metro model elsewhere in Wales, accelerating our delivery of the North Wales Metro.

The investment programme is worth nearly £2 billion overall - with £738m in the South Wales Metro, a further £800m in new rolling stock and almost £200m in modernising all 247 stations. On top of the contractual profit capping and sharing mechanism, the operator does not expect to pay dividends to its shareholders for the first five years. Instead, profits will be reinvested.

As with our new Economic Contract, public investment with a social purpose is a cornerstone of the approach we have taken.

The new contract will deliver significant benefits specifically in terms of:

- A reduction in carbon emissions of 25 per cent across the whole service by the fifth year
- Improvements in fares and ticketing, including the expansion of smart ticketing, an improved compensation scheme and half-price concessionary fares extended to 16-18 year olds
- More punctual trains, and better passenger focused performance and quality standards
- A significant increase in seating capacity
- A long term investment programme to improve services
- A 22 per cent increase in Sunday mileage from 2019
- By 2023, 95 per cent of journeys will be made on 148 brand new trains - over half of which will be built in Wales
- Power supplies available at over 95 per cent of seats across all rolling stock types by 2020, with 100 per cent roll out completed by 2022 and an increase in mobile connectivity at all stations

### **Wider rail service delivery**

The recent report published by the Welsh Affairs Committee following its inquiry into The Cancellation of Rail Electrification in South Wales restates many of the issues we have raised repeatedly with the UK Government. It makes important recommendations to the UK Government on the funding and delivery of rail enhancements and the further devolution of rail infrastructure.

Efficient and reliable rail infrastructure is imperative for passengers travelling within Wales, as well as across the border. While the responsibility for funding of many rail services and infrastructure remains reserved, we continue to raise with the UK Government the need to work with us to develop and deliver the improvements to the rail network that Wales needs. It will be important for the Welsh Affairs Committee's report's recommendations to become a reality.

In view of the considerable benefits we have achieved, we are calling on the UK Government to allow the Welsh Government to take on responsibility for the franchising of inter-city services between Wales and the rest of the UK.

### **Next steps**

We will continue to keep the Council updated on developments in respect of rail in Wales.