

Welsh Affairs Committee

Oral evidence: [Railway Infrastructure in Wales](#), HC 1044

Thursday 11 February 2021

Ordered by the House of Commons to be published on 11 February 2021.

[Watch the meeting](#)

Members present: Stephen Crabb (Chair); Simon Baynes; Virginia Crosbie; Geraint Davies; Ruth Jones; Ben Lake; Robin Millar; Rob Roberts; Dr Jamie Wallis, Beth Winter.

Questions 24 - 79

Witnesses

[I](#): James Price, Chief Executive Officer, Transport for Wales; and Bill Kelly, Route Director Wales & Borders, Network Rail.

[II](#): Mark Hopwood, Managing Director, Great Western Railway; Richard Scott, Director of Partnerships and Strategy, West Coast Partnership; and Sarah Kelley, Regional Director for West & Wales, CrossCountry.



Examination of Witnesses

Witnesses: James Price and Bill Kelly.

Q24 **Chair:** Good morning. Welcome to this session of the Welsh Affairs Committee where we are continuing our inquiry into rail infrastructure in Wales. I am delighted this morning that we have two very distinguished panels of experts to help us.

On the first panel we have James Price, from Transport for Wales, and Bill Kelly from Network Rail. I will ask them both to introduce themselves very briefly before we get straight into questions.

James Price: James Price, chief executive of Transport for Wales. As I am sure you are all aware, Transport for Wales is a wholly owned subsidiary company of the Welsh Government and has responsibility for planning and delivering a range of transport modes across Wales and Borders.

Bill Kelly: Good morning. Bill Kelly, route director at Wales and Borders, Network Rail. Our responsibility is the safe and effective operation of the rail infrastructure across Wales and Borders.

Q25 **Chair:** Thank you very much. To set the scene for this morning's discussion, can you help the Committee to understand how, and particularly where, decisions about funding for rail infrastructure in Wales are made? Who is making those decisions? Are the decisions made in London? Are they made in Cardiff? Are decisions made by committee? How are decisions about the amount of money that is spent on rail in Wales made?

James Price: As always with these things, they are not as simple as they might appear. The infrastructure, outside of what we call the Core Valley Lines—the lines that run through Queen Street and go up into the valleys—is still the responsibility of the UK Government and Network Rail but that does not stop the Welsh Government, in quite big ways, looking to invest in some of the UK Government's infrastructure if, in their view, the UK Government have not come up with the money as quickly as they should do. Some big historical examples are the Ebbw Vale line and the line that runs down past Cardiff airport. Those would have been two big top-up schemes by the Welsh Government.

There have been some quite significant changes in the way that enhancement schemes are allocated by the UK Government. They used to go through a Network Rail process. They now go through a Treasury and DfT bidding process. We are trying to innovate with the way that Network Rail, Transport for Wales and the Welsh Government work together, such that we have one set of asks, if you like, of that bidding process so we can do the best we possibly can for Wales out of what is now a UK system run out of the civil service and signed off by Ministers.



Bill Kelly: James has put it very eloquently. That is exactly the process that we would have used. Of course in the determination for CP6, which would have been 2019 to 2024, we were awarded a £2 billion settlement, which was almost double what we had received previously.

The point that James makes is very good: among lessons to be learned from the determination for CP6 in the way that we jointly look at the aspirations for Wales and Borders is to make joint representation to DfT on projects—be they enhancements, renewals or upgrades—for the benefit of passengers across the network.

Q26 **Chair:** To what extent is there general clarity and agreement between you, at Network Rail, Transport for Wales/Welsh Government and the Department for Transport about what the priority list of projects should be in the pipeline of future investment? To what extent do disagreements come in? Are political choices made about investment priorities? Or are you all working to an agreed standard template on projects that could go 10, 15 years into the future?

Bill Kelly: We need to recognise that we live in changing times. I referred to that earlier. In CP6 we would have taken a much more individual approach. James and I are absolutely committed, as we move forward and make representation for CP7, to working together—that is Network Rail, Transport for Wales and Welsh Government—and we will be considering all options and looking at everything we can possibly do. That will mean, of course, taking into consideration some of the political ambitions, the connectivity challenges, be that north, south, east or west, and working closely together to make sure we get the best possible outcome for our passengers in Wales.

James Price: It is important to recognise that there are two broad categories of expenditure. The first is for maintenance of the existing infrastructure. On that, I absolutely agree with Bill. Bill's teams worked very hard and got a very good settlement for this control period. The second category is enhancement. That is improving the outputs that can be achieved on the lines in Wales and Borders, and that is where we would like to see a lot more investment.

The question is not so much about how a line is Network Rail, or Welsh Government and TfW in Wales, because increasingly we are much more aligned. It is about how Wales competes for its share of UK enhancement and infrastructure spending. That is the more difficult question.

Q27 **Chair:** Some of my colleagues will come in later with questions about levels of investment. Before I bring in Ben Lake, can I ask about the South Wales Metro in the context of the ongoing economic turmoil and the disruption to normal passenger flows and how that is potentially changing the investment outlook? Mr Price, could you describe where the South Wales Metro project is currently at and the outlook as you see it?



James Price: The first point is that the South Wales Metro project is on the CVL. That is the part of the Wales and Borders network that is now transferred to the Welsh Government, owned by Transport for Wales, and probably takes roughly 50% of the traffic. It is a very small part of the network but a very highly trafficked part of the network. The good news on that is that we are going ahead as originally planned. Because of the modal shift aspirations in Wales, we believe there is still a need for it. Yes, the journey patterns might change but we think the demand will most certainly come back. The new rolling stock is on order and we have been out with a blockade on the line over the last three weeks doing significant amounts of work. We have had all the funding reconfirmed, so that project continues as planned.

Chair: Mr Kelly, unless there is anything you want to add on the South Wales Metro, I will move on.

Q28 **Ben Lake:** My question is for Mr Price. I am interested to learn a bit more about the implications for Transport for Wales after the Department for Transport's decision to end the franchising model. I am particularly interested in whether that has caused any problems with capacity in other workstreams.

James Price: Is that question about their decision in the light of Covid-19 or linked to the Williams review, which we have not necessarily seen the outcome of yet?

Ben Lake: Primarily the Covid-19 consequential decision, but if you want to share any thoughts about the implications of the Williams review, please do.

James Price: In relation to Covid-19, we found ourselves in exactly the same place as the DfT, but potentially in a more extreme way because we were at the start of a 15-year contract whereas most of the DfT contracts are much shorter and they were either in the middle or towards the end of the contracts.

This has not received much media coverage, but we thought that we needed to move more quickly than the DfT and that is why last Sunday, on the back of about six months of intense work with the existing operator, we took operations into Transport for Wales. That is the equivalent of what the UK Government have done with Northern, for example, and some of the newspaper speculation is around a couple of the other franchises.

The reason we did that was, in essence, because the contract that was let, because of the reduction in passenger numbers, was null and void and not safe, post Covid, and because we were building the Metro as well, and our board, I think very correctly, took the view that we want everyone focused on that project, not focused on where they are going to get their next pay cheque from. We decided to bite the bullet and negotiate hard through the summer, and we have already enacted that decision.



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Q29 Ruth Jones: Thank you, both witnesses, for coming along today. It is very helpful to have you here, with your experience.

You have already mentioned this, but looking towards the future, what sort of model do you favour for delivering rail services? How much private sector involvement would you have?

James Price: First, there is a role for both, but I think we need to be clear as to why we are using both and not have dogma come into play either way.

The private sector can be particularly good at innovating. In some instances, it can be particularly good at risk taking. However, in the light of the Covid-19 pandemic, I think risk taking on fares is something that will not happen for quite a long time and we should not kid ourselves that anything else will happen. Therefore, the idea of transferring revenue risk to the private sector is not, in my view, something that is an argument for rail operations, which is why I think that the decision we have taken about bringing rail operations in house will last for at least five years.

More generally, I think the biggest issue that gets in the way of both the public and the private models is the amount of overhead, paperwork and legal agreements. Over a period of three years I have had a real-time dose of both, in setting up the franchise to start with and then bringing it in house. There were literally thousands of contracts to be signed. I even had to sign contracts with myself, in some instances. This is not a criticism of any people, but the system that has built up over time has created massive transaction costs. Those transactions costs are formed by Government and society as a whole, and we should do anything that we can in the future to reduce them, regardless of whether the private or the public model is the right outcome.

Bill Kelly: Clearly, Covid has shifted the landscape for franchising and the structure of the rail industry in Britain and we have to recognise that. As for the public versus private debate, for me that is fundamentally about the relationship between track and train.

I would add that, because the franchising model fixes the outputs for passengers for up to 15 years, removing the model means that TfW and Network Rail can be much more flexible and responsive to passenger demand, so there could be some benefits.

Q30 Ruth Jones: How would you describe your relationship with the train operating companies?

Bill Kelly: The working relationship between Network Rail, Transport for Wales and GWR is incredibly positive. We have come such a long way on that front over the years. Collaboration has become instinctive and is very much the way we do things at every level of our respective parts of the business.



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Wales is unique, with the Welsh Government responsible for the Wales and Borders rail service through Transport for Wales. Network Rail is an arm's length body of the Department for Transport, and TfW is now responsible for the divested Core Valley Lines. To some, that would seem quite complex but if you stay focused on providing a safe and reliable service for passengers and freight, it does not matter, day to day, who is responsible for what. We are all working towards the same fundamental objective.

I think James once described this as "boringly reliable" and that is a pretty good starting point when it comes to operating a railway day to day. People would prefer it to be boringly reliable. Yes, I will take that, all day long.

Ruth Jones: Yes, I agree with you. Boringly reliable is a good way to be, I think.

Mr Price, did you want to add anything?

James Price: I don't think I have anything particular to add to that, thank you.

Q31 **Virginia Crosbie:** What are the practical implications of devolving further responsibility for the rail infrastructure to the Welsh Government?

James Price: To a large extent, it depends on your viewpoint, and there are two parts to it. There is a paperwork part and there is a reality part.

My experience is that the paperwork part of it has been far worse than the reality part, which is my experience of everything in the railway so far. The time taken by paperwork and administration far outweighs the time for doing the job. The practical difficulties around the paperwork would be agreeing between the UK Government and the Welsh Government how the financial flows would work and what would be a fair share, or the correct share might be a better term, of future investments.

I think devolution would be entirely possible, and I have always been of this view. The highway network, for example, is run by the Welsh Government, Highways England and a host of different-level local authorities. You do not know whose network you are driving on at any point, and there are lots of agreements where different people look after each other's infrastructure. For what it is worth, the paperwork is a whole lot less than it is in the rail industry. We have demonstrated that it is possible to move infrastructure via CVL. The paperwork element of that was pretty horrendous. It is too early to talk too much about the delivery element of it yet, but we have done it for a good few months now and that bit of it is going better than we could have expected. The agreements and arrangements between ourselves and Network Rail on the interface between CVL and the remaining part of the Wales and Borders network are working very well and people are working in a grown-up and integrated way across all the teams involved.



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Q32 **Virginia Crosbie:** That is good to hear. Mr Kelly, how does the new devolved structure within Network Rail work in practice?

Bill Kelly: Is that the devolved structure between Wales and Western?

Ruth Jones: Yes.

Bill Kelly: The day-to-day operation of the maintenance of the railway is still very much led by me and my Borders route team. James and I are always very clear about this. We are jointly responsible for the railway in Wales to our passengers, stakeholders and the communities we serve. There are no ifs or buts about that.

Crucially, the creation of Wales and Western means that the responsibility for infrastructure projects and other key support functions that used to be very centralised at Network Rail are now much closer to the routes than they have ever been before and that is very important. It is important because it allows us to act with speed, to act with much more autonomy, and it allows us to draw on more resources more quickly when we need them. An example of that would be during some of the very recent inclement weather, our responses both for mid Wales and north Wales and some of the damage we had to recover from, and the support we have drawn from the regional resources to help us recover.

Day to day, there has been no real change but we have been much more fleet of foot, speedier and definitely more effective.

Q33 **Beth Winter:** Thank you, witnesses, for giving us your time today. I am interested to elaborate on and probe into what Virginia Crosbie raised about devolution and what Ken Skates has said about Wales having its fare funding settlement, so the different degrees of devolution. Added to that, I am keen to find out what lessons you feel we could learn from the experience of the Scottish model of rail devolution.

Bill Kelly: It is important to recognise that the Scottish model is based on full devolution of asset funding, with the Scottish Government funding both the train operator and the infrastructure manager, so we are talking about quite a different industry landscape north of the border. It means that one Government holds the business case for all activities, both normal operations and enhancements. One could argue that is something that is currently missing in Wales. On the other hand, it means that the Scottish Government have to fund everything, for example restoring lines after extreme weather. When you think about some of the impact on Wales over the last year or so, that is an important thing to factor in. I will give you one example. We have invested £16.5 million in the Conwy line over the last two years just recovering from various storms. In that scenario, the Scottish Government would have to pick up that cost.

It is always quite tempting to look at Scotland when we talk about Wales. In my view, we are quite different and we should be looking at what is best for Wales rather than necessarily looking to adopt a carbon-copy approach. That said, we should be looking at where there are things that



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we can learn and opportunities that we could deploy in Wales, being open-minded about it, of course, but maybe having a think about doing our own thing as well.

Q34 Beth Winter: Mr Kelly, what is your view about the rail network being fully devolved to Wales, as Ken Skates has called for? Is it practical? Is it something you would support? If so, what would need to happen to enable devolution to come to fruition?

Bill Kelly: I think that debate is for Ministers to decide, for the Welsh Government, the UK Government and the DfT to decide.

From my perspective, we should be standing back and looking at what is best for Wales, not necessarily looking at the Scottish model—and that is not to suggest that we should not—but looking at what is best for Wales. I would like to point out that, if you look at the way James's team and my team have been working most recently, say in the last 12 to 18 months, we have done some very good stuff and, I would suggest, some firsts when you look at the overall national picture. We continue to explore opportunities to develop our business together. I would offer that we should look at every possible opportunity, and not necessarily at just the one solution of what the Scottish Government have done.

James Price: To start with, I would echo a lot of what Bill has said. If you pushed me further, I would say that looking at the Scottish model as the solution is possibly a mistake. Why would I say that? If you were to ask the Scottish Government, certainly the civil service, whether they are happy with the solution they have, I think they would say no. Although they have responsibility for funding Network Rail, they do not have management responsibility over Network Rail. Therefore, they are funding something with which they feel they do not necessarily have a strong accountability link.

If we were to take that into the Wales scenario, yes, there is a strong argument for sharing resources for rail right across the UK. However, if we think about what else we do in Wales—we have the trunk road network, which is a huge asset with just as many tunnels, bridges, structures, drainage issues—there would be significant opportunities to deliver rail in quite a different way if rail was integrated much more with other forms of transport. I would be pushing for a fully devolved model but, at the same time, I would not say that means we would have no relationship with Network Rail and that we would not share resources across the border. We could specialise in different things, we could work closely together and we could provide services to each other.

Q35 Rob Roberts: Thank you, gentlemen, for your time. I want to ask about intergovernmental relations and how the Governments work together. Before I do, I want to pick up on a couple of things that have been mentioned already. The Chair asked about the South Wales Metro. I am interested to get an update on the north Wales equivalent, just to see where things are up to.



James Price: The answer for north Wales would be very similar to that for south Wales, apart from the fact that obviously the South Wales Metro is further advanced in its delivery phase. Work on the North Wales Metro continues. We have been working very closely with Network Rail on quite a few of the schemes. We are being pressed as much as we were before by Governments and stakeholders to deliver the outputs on that scheme.

To elaborate marginally on what I said about modal share, because I think this is a very important point, there is lots of commentary about Covid-19 potentially changing travel patterns and causing a reduction in travel that spells the end for public transport; well, not the end, but a significant reduction. That might be much more true for the south-east of England than it is for other parts of the UK, particularly Wales. Why do I say that? I say that because of modal share. If you think about people working in the centre of London, nearly everyone who does not live there is taking the train in, if you look at the figures. If you look at Wales, only about 6% of journeys are taken by train and the balance is by walking, cycling, bus and car, and car is the main mode by far—over 90%. We want to bite into that 90%. If overall journeys reduce in London, rail is bound to reduce. If overall journeys reduce in Wales, rail and sustainable transport is not bound to reduce at all, and I think we could be even more aggressive than we were before. If we think about climate change and emissions, we still need to pursue those things.

Q36 **Rob Roberts:** I appreciate that. On that note, and touching on something Mr Kelly said, how much difference will there be, or what benefits will there be, from electrification of the North Wales main line?

Bill Kelly: We have a lot of painful scars from electrification over the years, and there have been many lessons learned. I know that James and his team are doing some good stuff on the CVL, and we will learn more lessons from that.

The benefits of electrification for north Wales have yet to be determined. Overall, we need to look at the connectivity piece in north Wales, whether that be through electrification, enhancement of line speeds or further investment. There is no doubt that east to west, the connectivity between Manchester and Liverpool, is crucial. It is crucial for inward investment for north Wales and for many other reasons, such as tourism. I am sure electrification in some shape or form could play a role, and I would welcome any opportunity. The landscape has changed. Decarbonisation and the environmental issues are right up there on the agenda. Who knows what opportunities electrification in north Wales could provide in future? I think the benefits are yet to be seen. I would welcome the opportunity to explore electrification.

James Price: Very quickly, just to point out the obvious, both Governments have very ambitious targets to take carbon out of the network. Even with the technology platforms that we can see emerging over the next 20 years, it is very difficult to see how we could get high-



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capacity heavy rail over long distances without at least some intermediate electrification being involved.

Q37 **Rob Roberts:** I would like to move on to intergovernmental relations. I am interested to know how effectively you feel the Welsh and the UK Governments work together on decisions relating to rail infrastructure, and how regularly each of you engages in discussions with both Governments on infrastructure issues.

Bill Kelly: It is for Government Ministers to reflect on the dynamics of their relations with each other. In my experience, however, at an official level, and away from the cut and thrust of politics, the Welsh and UK Governments often work together very well. The successful transfer of the Core Valley Lines is an obvious example of that. DfT funding is also helping with some of TfW's franchise deliverables, such as the funding of the ERTMS signalling upgrade on the Cambrian that will mean TfW's new trains can operate on that line.

Of course, there is lively political debate between the Welsh and UK Governments but that is not for Network Rail or TfW to deal with. We will work with all stakeholders to make sure of the case for enhancements and to try to secure the right funding. It is more important that Wales gets the right investments for its passengers, and what they deserve.

The team at Network Rail enjoys a very good working relationship with the Welsh Government and with Transport for Wales and regularly meets with Ken Skates and, more importantly, his officers. We ensure that not only are we informing them of our plans, what we are working on and what we hope to be working on in future, but that we understand their aspirations for the future and make sure that we capitalise on those opportunities to work together so that we get the best possible outcome for passengers.

Q38 **Rob Roberts:** Fabulous. I appreciate that. Before I move on to Mr Price, can I, from a personal point of view, thank Mr Kelly? We have had some flooding up in north Wales recently and the engagement that I have had with Network Rail and your people on the ground has been first class. If you could pass that back, that would be great.

Bill Kelly: Thank you very much. I will.

Q39 **Rob Roberts:** Mr Price, with regard to intergovernmental working, do you engage much with both Governments?

James Price: I would echo a lot of what Bill has said. In the main, governmental decisions are in a bit of a black box and I guess that maybe that is partially right. I am now in a delivery body. We will put bids in to different parts of government, and I will try to influence that, but it is not necessarily for me to reach behind the black box of tricks. However, I think what we can do much better at official level, and with business and other players, is be much clearer about the ask.



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This is not about politicians; this is about the various different delivery bodies and business groups, and probably local authorities as well, working together to be very clear about the five or six things that absolutely have to happen over the next three or four years in Wales to be successful. Sometimes, we have had maybe too many disparate lists of things, which allows decision makers to say, "Well, they want everything so therefore they cannot have anything." It allows Wales to be dismissed. I don't think that is a political thing at all. I think it has been driven by maybe the CBI saying something different from Transport for Wales, which is saying something marginally different from Network Rail.

Bill and I are going to drive through a programme of activity that is all about saying what are those top three or four asks for this period of time so no one can be in any doubt. If you ask anyone, my ambition is that the same three or four things just come off everyone's tongue. That is what is needed for Wales.

Q40 Rob Roberts: Finally, you mentioned this black box that seems to be obscuring views. Is it always obvious which Government is responsible for which element? Or is there any kind of crossover of confusion behind whose area of responsibility things are in?

James Price: It is pretty obvious who is technically responsible for things. I don't think there is any confusion about that.

Where things blur, they are blurred on purpose and, typically, they have been blurred where the Welsh Government have decided that they will invest their own money in something because they cannot wait, or it is more important, so they will invest in a UK Government piece of infrastructure.

Rob Roberts: Understood. Thank you very much, gentlemen.

Q41 Simon Baynes: Thank you, gentlemen, for sparing the time to come before us this morning. I want to move on to the overall subject of investment in rail infrastructure in Wales. I have been dealing, directly and indirectly, with both your organisations on step-free access in Ruabon station in my constituency, so I have some practical experience, which has proved very constructive, of working with both of your organisations. How would you describe the current levels of investment in Welsh rail infrastructure?

Bill Kelly: We are spending record amounts of the funding we receive for operations, maintenance and renewals, £2 billion in this control period. That is double what we have spent in the previous five years and it has allowed us to spend much more on those things.

However, there is an opportunity for us to work more closely with TfW and the Welsh Government on our joint aspirations, getting the benefit of working closely so that we are pooling our resources to get the best possible outcome for our passengers.



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That funding sometimes does not take account of some of the other investment that goes on in England that benefits passengers in Wales, such as the recent example of the Halton Curve connection from north Wales to Liverpool, or the redoubling of the line between Swindon and Kemble, which allowed us to divert London trains via Gloucester when the Severn tunnel was closed, or if the Severn tunnel was closed. Let me be clear, I would welcome more investment in rail but there are various different ways in which you can compare spending on different parts of the network. I do not think we should over-focus on just percentages, and we should be exploring ways of doing things better together.

James alluded to this earlier. We are absolutely focused on working together, and we will continue to do that.

Simon Baynes: I support what you are saying, particularly as a border constituency MP for Clwyd South. There is an interplay between the English and the Welsh systems, with part of the system into England up to Shrewsbury also being under the control of the Welsh network. I fully support what you are saying.

Can I put the same question about the current levels of investment to Mr Price?

James Price: It is very difficult to give specific answers because of the fluid nature of the border and the way that money is allocated.

I would answer your question in three categories. First, I agree with Bill about the OMR budget but it is important to recognise what that budget is. That budget is about maintaining the existing asset, in the main, to its existing capabilities. Sometimes you will get some new technologies, which will allow you to get more out of things—maybe new signalling will allow more to come through—but in the main, it is the equivalent of resurfacing and filling potholes in roads. It is not the equivalent of a bypass, a bigger roundabout or anything like that.

If we move to the enhancement budget, which is all about getting more out of the network, normally more capacity but sometimes it could be significantly greater line speeds, that is where I would argue that investment—and I would say not just currently, I would say historically—has been relatively low. Trying to put an exact figure on it is quite difficult, but almost certainly Wales has received less than 2% of the UK budget as compared with 5% of the population and 10% of the network. You can see the implications of that when you look at average line speeds in Wales compared with outside of Wales. With our previous, pre-Covid, plans, we would have maxed out the infrastructure capability—carrying people on rail—in pretty much all of Wales.

However, I would also go back and say rail is a very expensive way of transporting people at the minute. The other half of the equation that must be looked at is how we can, in a safe way, deliver rail infrastructure



and services in a more cost-effective way, both for the user and for the taxpayer.

Q42 **Simon Baynes:** Your remarks lead into my second and final question. How effectively and equitably are decisions on investment in rail infrastructure made within Whitehall, with particular reference to which metrics should be used to appraise levels of investment in Wales's rail network?

Bill Kelly: We appreciate that the DfT remains committed to framework funding; that is pots from which funds can be drawn rather than every scheme having to go through the full process required for big schemes. That can be very effective. We have over a dozen DfT-funded access-for-all schemes under way in Wales and Borders, for example, because the Welsh Government match funding has helped us to punch above our weight, if you like, to secure that investment.

To some extent, the challenge for Network Rail and Transport for Wales is to work with both Governments to align infrastructure funding in a way that helps to deliver on local transport priorities and objectives. For example, upgrade of the south Wales relief lines will support the objectives of the Burns Commission, and north Wales journey-time improvements will support local communities and connections to HS2.

There are debates in and around this in terms of some of the models that we could be using, but the key thing for us, and certainly my focus in Network Rail, is to work closely with Transport for Wales and Welsh Government to make sure we get the best and most efficient, effective outcomes for passengers by pooling our resources.

Simon Baynes: That is good. From my practical experience of this issue of access for all, it is also, to an extent, a moving target because some projects take longer to come to fruition than others. I am pleased to see that you have been exercising a degree of flexibility about timing. That same question, please, to Mr Price.

James Price: I no longer consider myself an expert on the Green Book and the mechanisms behind it. I re-read the guidance quite recently, and I think the Green Book guidance has been marginally amended to allow for the levelling-up agenda, or what would have been called the regional policy agenda in the past.

However, a lot of that guidance is still saying it is up to the ultimate decision maker to decide what is important, and that is the interesting question. This is a regional policy question as much as it is anything else. So what are we trying to do? Are we trying to develop the whole of the UK, or are we trying to put money where maybe you get the best pure economic value within a decade horizon?

I would argue that we ought to spread resources more out of the south-east. Over the long term, that will lead to a bigger and more positive impact for UK plc, because you will take some resources out of a



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congested south-east and allow a more effective economy across the whole UK. In the past, that has been done. The M4 corridor was a speculative build, and a lot of books have been written about how that led to development coming out of the south-east of England. For me, it is about which end of this we are looking at. Are we looking at the type of UK we want to see and building the infrastructure to support that, or are we trying to build the infrastructure to support the type of UK we already have? Primarily that is not a matter for someone like me. That is a matter for policymakers and politicians.

Simon Baynes: Looking at it from my own point of view, there seems to be a desire to move things out of the south-east and there is very strong support for that.

- Q43 **Geraint Davies:** Three million people live in Swansea-Cardiff-Bristol, which is similar to the number of people in Manchester-Leeds. Manchester-Leeds has about eight fast trains per hour, and I think we get two between Bristol and Cardiff. Given what has been said about the level of enhancements and investment in new rail facilities in Wales being something like 2%, or less than 2%, when we have 5% of the population, do you think there is a compelling case to provide that new investment to make that economic cluster work effectively and, in fact, spread westwards, perhaps through a metro towards Pembrokeshire?

James Price: Yes, absolutely, and that would be supported by all parts of the political spectrum in the UK, both the Welsh Government and the UK Government, and it is a real-time example of the type of project that would require funding in the UK, particularly around Bristol, to free up some of that capacity, and also in Wales.

- Q44 **Geraint Davies:** Given that HS2 is possibly costing £100 billion and is not in Wales, is there a case for us having a share of that money to do that sort of project in Wales to improve the connectivity between Bristol, Cardiff and Swansea?

James Price: This is verging on politics, and clearly I am politically neutral. If I were to stick with the facts, the facts that I have seen suggest that HS2, if not developed well and correctly, will be damaging to Wales rather than positive for Wales. The way that the Barnett formula currently works in relation to HS2 means that Wales does not get the share, so I would argue that something ought to be done about both making sure that we link into HS2—so it can be a positive, not a negative—and also recognising that it ought to be Barnettised in some way.

- Q45 **Geraint Davies:** The same question to Bill Kelly. Don't you think there is a strong case for better connectivity between Bristol, Cardiff and Swansea, and beyond, to make that concentration of something like 3 million people connect better? Don't you think we should get our fair share of HS2, or at least our fair share of enhancements, when we have had only 2% over decades?



Bill Kelly: I don't want to get into the ins and outs of the numbers. It depends on the way we look at this prism in terms of percentages, so I would avoid that. I would also say that some of the connectivity improvements that we have made in recent years—and electrification along that corridor has enhanced them further—are to be welcomed, but I would welcome any further funding. My priority is to work closely with James and his team, and with Welsh Government, to make sure that we have a unified and united view of what our aspirations for the future development of our infrastructure in Wales should look like and to support and help one another to meet those aspirations on behalf of passengers and our stakeholders. We will continue to do that, and that will continue to be my focus.

Q46 **Geraint Davies:** Are you capable of delivering that project, Bristol-Swansea-Cardiff, even though you are separate from Wales? Is there a problem there, or is it just a matter of money so you can get on with it and do it?

Bill Kelly: Sorry, what is the question? Would we be capable of doing it?

Geraint Davies: If you had the money to do the project, would there be any particular barrier, in terms of your relationship with Transport for Wales, to speeding up the line and creating the connectivity between Bristol, Cardiff and Swansea?

Bill Kelly: There are always challenges and complexities with these things, but in my experience, most of those complexities and challenges can be overcome with the right engineering and tactical approach. I would suggest that would not be something that would worry me. It is what would be the priority and the most efficient outcome for us.

Q47 **Virginia Crosbie:** My question is about the Prime Minister's connectivity review, which will be chaired by Sir Peter Hendy. What has been your level of engagement with this review? I was particularly encouraged, Mr Price, by your positive comments about investing in the infrastructure that we want to see for the future.

James Price: Peter has spoken with me about this on a couple of occasions, and I know he has also spoken with Welsh Ministers. The Welsh Government have, I think in the form of a written statement, contributed to the review. My position would be that anything that can be done to look at some of these cross-border issues and to invest in very important flows is very important. To the extent that this review can lead to something that adds value, I am sure that Sir Peter is more than capable of doing a very good piece of work, the interesting piece is what happens to it after that, and whether there is enough money and political time, at the minute, with Covid going on because, quite rightly, people are very consumed by that.

Pre-Covid, there were something like 500,000 movements across the border in every 24-hour period, so there are some significant cross-border flows, particularly in south Wales and north Wales, as you will all



know, but not just limited to those areas. There are also significant flows in mid Wales. We also have the opportunity for growth poles—or whatever you want to call them—in north-east Wales and in south-east Wales, going into Bristol and Swindon, and we should do everything we possibly can to maximise those things, without confusing the devolution settlement. I guess that is the real risk. I don't have a personal view on this, but if this ended up with a spat about the M4, I think that would be missing the point.

Bill Kelly: I don't want to pre-empt the findings of Sir Peter's review. I know that the Committee is due to hear from him directly later in the month, and that he has met with a number of you individually over the past few months. I can't think of anyone better placed to be leading the review. Peter really gets Wales. He has been a huge supporter of the railway in Wales over many years.

As you would expect, there has been extensive dialogue at an official level between my team and officials supporting the Union Connectivity Review. I am in regular touch with Sir Peter, so he knows exactly where I stand on the issue he is exploring.

Q48 **Robin Millar:** I was rather surprised, Mr Price, to hear you say that HS2 presented a threat, potentially, to Welsh rail, because I can say for north Wales that we regard the investments being made as a fantastic opportunity for north Wales. That might be a point to consider.

A question for you both, if I may. When we took evidence in a previous session, two phrases stuck with me. One was to do with deep transport corridors into Wales and the other was to do with small geographies. Do either of those phrases resonate with you in the context of the Union Connectivity Review? What are your thoughts about how we ensure a balance between small geographies and deep corridors is supported in investment in rail through the Union? Perhaps Mr Price first.

James Price: I was hoping you were going to go to Bill. I am not very familiar with either of those terms. I apologise for that. I probably cannot add any value.

Instinctively, though, I would agree with you that HS2 ought to be able to benefit Wales. The figures I was quoting are DfT figures, based on a non-joined-up HS2, so they do not allow for the investment that is necessary to tie in HS2, and that is my fear. If you model HS2 without properly tying it in to Wales, potentially Wales gets bypassed and then you draw out economic activity. If you properly tie it in, with proper connectivity, I could very easily be convinced that there is a benefit.

Bill Kelly: Looking at the Union Connectivity Review, I think there are some significant opportunities for Wales as part of this process. For north Wales, it is about developing an offer that delivers a modal shift for journeys between north Wales, Liverpool and Manchester city regions, and that is very much building on the work done by Growth Track 360



and others, which was supported by Network Rail. Similarly, though, in south Wales, it is also about links between Swansea, Cardiff, Newport and Bristol, improving that connectivity along the south Wales corridor. Clearly, the output of the Burns Review is an important part of that, and I know there has been some important work carried out in that space as part of the Great Western Cities initiative.

Let's not forget mid Wales and the borders in all this, and just how important those rail links between mid Wales, Shropshire and Birmingham are for employment but also for leisure and tourism, which I hear often when I am up in that area. It is absolutely vital for those local communities.

Q49 Dr Jamie Wallis: Can I ask about something that has already been mentioned, looking at the south Wales link up with England? A colleague mentioned Bristol, Cardiff and Swansea, and I think there are fewer than 1 million people in those three cities, not 3 million, but regardless of that, I would like to know if there is any evidence from passenger demand figures for additional routes between those cities? Are calls for additional services being driven by passenger demand or by other things?

James Price: It is very difficult to answer that question specifically, but if you look at transport modelling, yes, the future transport demand does support additional journeys along that corridor. If you look at the number of people who are trying to use the services that run on that corridor, you will find that pre-Covid they were very busy. The number of people who are currently being moved is very low. We have short trains, infrequent trains, going between two big conurbations. So, yes, there is demand. If the demand is not met by rail, people will try to use the road network, and I think that is what you have now, an interplay between the two. If you want to evidence that, you will have seen a significant move of people from Bristol to south Wales, partially linked to the prices on the crossing coming down with a significant immigration, if you like, into Monmouth, Chepstow and the surrounding areas.

Dr Jamie Wallis: Understood. Mr Kelly, do you share that view?

Bill Kelly: I do, but we need to be quite pragmatic about this. There is no doubt that Covid has changed the landscape. I would offer that we probably need to do those reviews again. We probably need to stand back and look at what future passenger numbers look like, what are the profiles and at what times of the day. It is reasonable to expect that the traditional morning and evening peaks will probably be a thing of the past for a period, but it is also reasonable to expect that there may be an uptake of more opportunities for leisure and entertainment travel. I support what Mr Price has said, but I would also offer that this is a watershed moment on the back of the pandemic and we should be looking at it again, trying to understand what the future will hold for us in terms of passenger numbers and demand on that part of the network.

Dr Jamie Wallis: Thank you very much, Mr Kelly. My second question



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was going to be about the impact Covid might have on this data and where we might be heading on peaks and troughs, so thank you for including that in your answer.

Q50 **Chair:** We will be bringing this panel to a close shortly. Could I finally ask Mr Kelly about the funding envelope available to Network Rail? We have talked this morning about levelling up and different investment priorities for Wales. I understand there were some changes in the spending review before Christmas to the funding package available to Network Rail. How is that affecting Network Rail's ability to deliver on the priorities that we are talking about?

Bill Kelly: Are we talking specifically about the determination we had for CP6 and any change to that as a result of the current circumstances?

Chair: Yes.

Bill Kelly: We have not seen anything of any real significance. At this stage, there will be no fundamental changes—certainly I am not aware of any—to the work we are doing in Barmouth, for example, and the outlay for that particular project, and some of the other major projects in Wales in the next two to three years. That said, we are living in a very difficult period and I would not want to suggest to the Committee that there won't be any changes, but right now, we are carrying on with our plans as planned. We will continue to do that, while looking for ways to do so more effectively and more efficiently.

James referred to this earlier. We are actively looking at what are the big, key things that we want to ensure we deliver for our passengers in this control period, but into the next as well, in CP7. We will continue to focus on that.

Q51 **Chair:** You touch on an important point about doing things more efficiently and effectively. I remember from a previous job I did in government, hearing a Welsh Government Minister expressing quite strongly their views about how they felt Network Rail was delivering projects and their feeling that they could be done a lot more effectively and efficiently.

Do you think value-for-money issues have been addressed adequately within the organisation? Are you doing these projects more effectively and efficiently?

Bill Kelly: Yes, I think we are. There are always lessons to be learned, and I would absolutely advocate that we need to do that. One of the things I want to get across today, and I hope it has come across, is about the way James and I and our teams are working. We have been working extremely hard over the last 18 months to make sure that we capitalise on those opportunities to be effective and efficient, and that will continue into the future. James spoke earlier about making sure we understand what the big five things for us to deliver are and the best way to do that. We absolutely will take the lessons of the past, incorporate them into our thinking and make sure we deploy them for the future.



Chair: Great. Thank you both very much, Mr Price and Mr Kelly, we appreciate your time. It has been an excellent first session. We have brought it in on time and on budget, so we will leave it there and wish you both the very best with all of your work. Thank you very much.

Examination of Witnesses

Witnesses: Mark Hopwood, Richard Scott and Sarah Kelley.

Q52 **Chair:** Welcome, Mr Hopwood, Ms Kelley and Mr Scott. I will ask you to briefly introduce yourselves and your organisations, and then we will go straight into the next round of questions.

Mark Hopwood: I am Mark Hopwood, the managing director at Great Western Railway. We are a franchise based on the network that links south Wales through to London, but we also run services from south Wales towards Bristol, Taunton and Portsmouth. In the summer, we provide seasonal services as far west as Pembroke Dock.

Sarah Kelley: Good morning, I am Sarah Kelley. I am a regional director at CrossCountry. I look after the west and Wales region. CrossCountry is a national passenger operator. Our services into Wales run as far as Cardiff.

Richard Scott: Good morning, I am Richard Scott. I am the partnership and strategy director for the West Coast Partnership. We are a franchise that is split into two. We run Avanti West Coast, which is the existing train operation between London, Manchester, Birmingham, Glasgow and Holyhead. As well as that, we run the West Coast Partnership Development, which is the shadow operator for HS2, so acting as a partner and critical friend to HS2 Limited and to the Department for Transport as they prepare for the start of high-speed operations.

Q53 **Chair:** Could I ask each of you to give us a strategic snapshot, from where you sit, on the current state of play with regard to rail services in Wales and levels of investment?

Mark Hopwood: From a Great Western Railway perspective, obviously our interest in Welsh infrastructure is focused particularly on south Wales and into west Wales. Shortly before the pandemic came along, in December 2019, we launched a new timetable. The intention of that was to reduce journey times, particularly between south Wales and London by up to 17 minutes, with a typical reduction of about 14 minutes. It was also very much about capacity and providing more seats, so the local services from Cardiff across into Bristol and beyond have pretty much doubled in capacity in recent years. That timetable provided three trains an hour on the London route. We are obviously not running that at this point in time, but that is the base proposition.

In line with the evidence that was given in your previous session, as a railway person, I have spent all my career in the railway. I believe in the railway and I would like to see more investment. Particularly, I have a



train on the London route that can travel at 125 miles an hour, but once I enter the Severn tunnel with that train, I will never reach 125 miles an hour again in Wales, so we would like to see line speed improvements. The train I run on the London route is bi-mode, it can run on diesel or electric, but it performs much better and is clearly friendlier to the environment in electric mode, so I would very much support initiatives like electrification to Swansea. There is probably more of an environmental benefit than perhaps a timetable benefit.

We have obviously looked at things like the Burns Report on south Wales and we support the direction of travel there, trying to develop the local services, which I think is something for TfW to do but alongside our services. Finally, we should always remember that passengers who are travelling in Wales, and to and from Wales, benefit from infrastructure investment in England as well as Wales, so things like the extra platform at Bristol Parkway and the big redevelopment at Reading station have helped us provide a much better service for people travelling to and from south Wales.

Sarah Kelley: I would echo a lot of what Mark has already said and, obviously, the evidence heard in the earlier session today. For us, the focus will be on encouraging that modal shift to rail, but also knowing that the investment needs to meet the needs of both existing and future customer capacity, which is a real issue in making sure that there is capacity for all rail operators. Resilience is also very important to us so that we can continue to offer safe and reliable services.

Beyond the pandemic, we would like to see a focus on having some quality high-speed, intercity, cross-border services. That is where we would like to see the majority of investment.

Richard Scott: Over the next few years, the key change that we will see from a West Coast Partnership perspective is going to be the introduction of a new fleet of trains serving north Wales. These will be bi-mode trains, replacing the existing diesel Voyagers, so they will be a lot better for passengers and, crucially, will cut our CO₂ emissions while they are operating under the wires on other parts of the route.

We are also in the early stages of forming key strategic partnerships around our network, including with TfW. We are going to form a strategic partnership with them, formalised under the ISO 44001 standard for collaborative working. We are talking to them about integrating properly with the local bus networks, for example. How can we make shifting between modes of transport much easier for the benefit of local communities for their own connectivity, but also for encouraging tourists into the area? As Mark said, I am a railway man, I work in the railway. I would love to see the most investment possible right across the route, but we recognise there are very difficult choices for people on this Committee and others in politics to make.

Q54 **Chair:** Before I bring in my colleague, Beth Winter, can I just ask you



about HS2, Mr Scott, which you referred to in your introductory remarks? We have just had a panel session in which James Price from Transport for Wales was asked about HS2 and appeared to say that the current way of doing HS2, in his words, is a negative for Welsh rail or potentially threatening for Welsh rail. How would you respond to that? What are the opportunities for Wales from HS2, as far as you can perceive?

Richard Scott: I think HS2 will be a positive and, of course, that is what we are working towards. The most important thing when looking at HS2 is to look at it holistically. A massive piece of work that our colleagues in West Coast Partnership Development will be doing over the next couple of years will be consulting with stakeholders and listening to what they want right across the network and developing that train service specification, the timetable for HS2, but not in isolation.

That is the most important thing: don't do HS2 in isolation. It has to be part of an integrated whole, of an integrated rail network, because of course even if HS2 is operating only on its dedicated infrastructure in England, it will have a massive impact on the existing network. It will free up capacity on that network. That capacity could, for example, be used for increased freight to take lorries off the road; it can be used for increased connectivity or frequency between towns and cities. If we look at it holistically and properly, as we are intending to do with our partners at the Department and HS2, it will be a force for good.

Q55 **Chair:** Would you agree that there is a risk that, by just looking at the infrastructure and services within Wales in isolation, we will lose sight of the network benefits that accrue to the Welsh population from investments elsewhere in that network?

Richard Scott: Absolutely. The whole rail network has to be looked at holistically and in totality. If we remove a bottleneck, for example, with our partners at Network Rail south of Rugby, let's say, that will improve performance on the rest of the west coast network, including for north Wales. We cannot look at little bits in isolation, a small section of the network north of Crewe or the north Wales coast, for example. You have to look at it in totality, otherwise you will not get the benefits.

You could, for example, think, "We are going to improve a section and remove a bottleneck," but then find out that if you have not looked at it in totality, you don't get the benefits at all because there is a pinch point that then comes up elsewhere, so you cannot reap the benefits of the infrastructure that you had improved for the benefit of the whole network. Everything has to be looked at holistically, and the rail industry is an extremely complicated beast.

Q56 **Beth Winter:** Thank you, witnesses, for coming this morning and giving us your time. I want to probe more about the lack of investment in the rail network in the UK. Jeremy Miles recently wrote a letter to this Committee in which he highlighted the lack of investment and what he feels is the unfair allocation of funding on reserved matters. A couple of



statistics: rail expansion overhead in Wales is around 40% of that in England and, although we have 11% of track miles, we receive only 2% of expenditure on rail enhancements. What investment is needed in the rail network in Wales, and how can and should this be achieved?

Sarah Kelley: Going back to the answer I gave earlier, for us the main day-to-day investment is currently on resilience and capacity issues that are absolutely needed beyond the pandemic. There are still questions and some uncertainty about what the future of rail needs to look like, but an absolute desire, I think, by all operators to make sure that whatever investment is available to us is invested strategically and benefits both local and national issues.

Q57 **Beth Winter:** Where should that investment come from?

Sarah Kelley: That is not something I am currently sighted on, so it is probably best not to answer that question.

Mark Hopwood: I gave a broad indication in my first answer, but I have said we would support electrification to Swansea and I would maintain that position. Cardiff is obviously a very important destination and starting point for many journeys in our business in Wales, and particularly the relationship with the stadium. It is very unusual, compared with many other cities in the UK and, in fact, around the world, to have a stadium of that size right in the city centre, so trying to manage those big events—which hopefully we will see again soon, if we can come through the pandemic—alongside serving a capital city is quite challenging. There is a masterplan for Cardiff Central that is being developed, and we very much support that.

We have put quite a lot of extra capacity in on the train fleet, but one of the big constraints on those big event days at Cardiff is the capacity of the station and the ability for people to flow through. The Burns Report talked about the south Wales corridor and the M4 corridor, and I think having more capacity to support local services and, to some extent, segregate those from faster trains to London, Sarah's CrossCountry trains and my services, for example, to Bristol and beyond would be a good thing.

Of course I mentioned line speed improvements, and we have delivered journey-time improvements between south Wales and London, but I would like to do more in that respect. If we could find a way to use the capability of the trains more effectively in south Wales with infrastructure improvements, we would support that.

Q58 **Beth Winter:** You mentioned a lot of schemes and projects but, again, how can these be funded? Where should the funding come from?

Mark Hopwood: In the current context that we are in, and obviously this was spoken about by the last witnesses, the majority of funding for infrastructure improvements is probably going to come from the Westminster Government. Our role is not to provide local services within



Wales. Obviously the Welsh Government have stepped up and are providing funding for some of those projects, but that is of much more relevance to TfW. The way the industry funds these things is that these projects are looked at separately, the business case is made and Government take a decision on that funding. That is likely to be the model that continues.

Richard Scott: I would love to see huge amounts of investment right across the rail network on every mile of track, but we have to recognise that, even in normal times, there is enormous pressure on the public purse, which ultimately is where the majority of infrastructure spending has to come from. At the moment, of course, that pressure is acute and I suspect is likely to remain acute for a number of years. There are competing demands. This is why it needs to be looked at holistically. It is for politicians to decide, looking at benefit-cost ratios and so on, where the money should go and where it is best spent for the total good of the railway.

Q59 **Ben Lake:** My question is again about the funding for rail projects, and more specifically your assessment of the methodology used by the Department for Transport to determine funding for different rail projects. I am particularly interested to know what kind of factors you believe should be taken into account when allocating funding fairly and effectively.

Mark Hopwood: I am not an economist by training, but I think one of your last witnesses was. This is not an area I have huge technical proficiency in, but we certainly support taking the widest view possible when we look at the BCR for these projects. Particularly if Government want to deliver the objectives they have spoken about, like levelling up, that is quite important. A number of the projects that we are looking at are in place across our network because people feel they have a wider benefit than just making the railway work better or just carrying more passengers, so where we can see benefits to communities by improving connectivity, for example, and making it easier for people to get to places of employment, we need to make sure that analysis is very much part of the calculation.

James Price talked earlier about the Green Book process and that being updated. Certainly we would like to see more recognition of some of the benefits that flow through to the communities where the investment is taking place, but also beyond that as well.

Sarah Kelley: I very much agree with what Mark and the previous witnesses have said. We have some established rail forums in which we discuss some of these. Beyond that, I probably have no further comment to offer.

Richard Scott: It is fairly easy when you are looking at the benefit-cost ratios to look at existing passenger numbers. It then becomes relatively easy to look at what the headroom of the market might be, how much



you think you can grow the market for the benefit of tourism or people commuting to work. It then becomes harder when you start taking into account wider tertiary effects on the economy and supplier jobs that are created in the areas by greater connectivity. Of course the hardest area of all is when you start talking about softer benefits, so improving connectivity for disadvantaged communities, improving mental health by having greater connectivity to friends and family, and so on.

When one is looking at these sorts of things, ultimately people try to put a number on it. Of course if you are trying to put a number on the last one, that is very difficult, but we certainly believe all these things are important. It is the relative balance that is hard to weigh up.

Q60 Geraint Davies: A couple of quick questions. First, what challenges have you faced in terms of the pandemic? What support have you received, and how do you think we should be moving forward strategically from that position if we want to embrace the needs of climate change and the shift from road to rail? A difficult one, but I will start with Mark Hopwood.

Mark Hopwood: Like any other business, any other walk of life, it has been a huge challenge for us. We have had good and effective support from central Government, which recognised very quickly that the rail franchising model would need to change. We currently have in place what is called either an EMA or ERMA agreement, an emergency measures agreement. Effectively that sees Government taking the revenue and cost risk. We have continued to provide train services on all routes.

In the environment we are in today, with a lot of restrictions quite rightly in place, we have reduced the level of service on most routes, but most routes still have at least a basic core hourly service. We have not made any staff redundant, although clearly we have stopped recruiting in a number of areas. It is a difficult environment, but I think we have had a good level of support from Government. That has meant that we have not had to take any short-term decisions that would damage the industry in the longer term.

In terms of coming out of this, the key challenge for us—which I guess is the \$64 million question that everyone wants to be answered more widely—is what things are temporary and will hopefully disappear as the pandemic is addressed, brought under control and hopefully eliminated by a vaccine, and what are the longer-term changes that are going to stay with us, such as changes to commuting patterns? We have a few thoughts on that, but we don't have all the answers at this stage.

You mentioned decarbonisation. Quite simply, I agree. Before the pandemic came along, we were seeing more and more pressure on decarbonisation, and we clearly support making the railway more environmentally friendly. I mentioned earlier that our intercity express trains have the ability to run in electric or diesel mode, so the advantage of that is that, as we see more electrification, we do not need to make any changes to our rolling stock, we can have the pantograph on the



train up for longer and draw the electric current for longer. That is more environmentally friendly, and the train performs better in terms of having more power and being able to accelerate quicker. We would obviously welcome that.

There are some shorter routes where electrification might not be needed and we can look at battery power. Battery power has developed very much in the last few years, so that is our view, but we share everyone's desire to move forward on this and move forward as quickly as we are able to with the funding available.

- Q61 **Geraint Davies:** Mr Hopwood, if people work from home a bit more and we reduce road traffic by something like 20%, we would reduce congestion by about 80%, helping air quality, climate change and so on. Do you think this is a key time to invest in the link between Bristol, Cardiff and Swansea, particularly as we know that, with HS2, the time it will take to get from London to Manchester will go down from about two hours 10 minutes to one hour and 10 minutes, putting pressure on investment moving out of south Wales? Isn't it time to invest in the Bristol, Cardiff and Swansea area to help support that and stop leakage because of HS2?

Mark Hopwood: I would support that. We should recognise some investment has already taken place. The British Rail reduction of tracks from Bristol northwards towards the Severn tunnel from four to two tracks has been turned around, and that railway has been restored to four tracks. That helps capacity and performance.

Of course we have seen electrification of part of that route. I am disappointed that we have not yet seen electrification into Bristol Temple Meads, which would allow us to run electric trains from Bristol to Cardiff. I would very much support that. Capacity through the Severn tunnel needs to be reviewed. Obviously I have mentioned a couple of times the recommendations of the Harris Report, so having four tracks that passenger trains could use between Newport and Cardiff would help. Yes, I agree, and I think we should definitely try to get the investment that will achieve that move forward.

- Q62 **Geraint Davies:** Richard Scott, the same sort of questions. Basically, has the rail industry been given enough support during the pandemic? Obviously it is a very difficult time. How should we build back better? Do you accept the case that we should get a more correct share of investment in south Wales, given that at the moment—while you said HS2 should be holistic—it is essentially a spine running up England into Scotland and KPMG found that thousands of jobs and investment would be diverted out of south Wales unless we do something about it?

Richard Scott: Taking the first question, the level of support that has been given to the rail industry is, it is fair to say, unprecedented. Myself and everyone else in the West Coast Partnership, and I am sure across the rail industry, are very grateful for the level of taxpayer support that



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we have received, which has enabled the network to continue functioning and, of course, allow key workers and others to make those essential journeys.

We should also call out to our staff right across the rail industry and in WCP, who have been terrific in keeping services moving despite worries sometimes over their own safety. They have done a terrific, terrific job. There have been repeated changes to timetables, remember, as rules have changed and lockdowns have happened, as we try to be respectful of the public purse and be as efficient as possible. Our train planning teams, as well as our partners at Network Rail, have had to work very, very rapidly and hard to continually update and change timetables, which is no small feat.

Coming out of the pandemic, we believe demand will come back. On the west coast we run a mainly discretionary service. It does not have very much commuting traffic, fairly low single-digit percentages. When the lockdowns were eased last summer, we saw a pretty rapid bounce-back in leisure traffic, not to pre-pandemic levels, but the way it bounced back was encouraging. We believe that will happen again. People still want to travel for leisure, to see their friends and family, so we are confident we will see that. As engaging as these sessions are, I think we would all agree it would be better if we were in the same room together. We are confident rail demand will come back.

In terms of building back better, the green agenda is a key one for us. The new fleet of trains will help us reduce CO₂ emissions by more than 60% as we eliminate our 100% diesel Voyager fleet from the network. We have challenges in persuading some people to get out of their cars. They are perhaps used to being in their cars. As you say, congestion has fallen, some of the messaging is perhaps that it is safer to travel in your car because you are on your own. We need to encourage people back. We have taken a lot of safety measures on the network to reassure people it is safe. We will get people back on to the railway, but we will build back better and we will cut CO₂ emissions.

We are investing about £300,000 in studies to look at the feasibility, for example, of how we could operate in a more sustainable way on the north Wales coast. Could we use hydrogen trains, battery trains or intermittent electrification, for example? We want to improve it right across the network.

Q63 Geraint Davies: You mentioned cost-benefit analysis. When I lived in London the trams, trains, buses and the underground were very integrated and I used them, but where I am now in Swansea there is very little infrastructure. Do you agree that providing more networks and more affordable, comfortable infrastructure will bring its own demand, and therefore one has to put the money in first to get the benefit and not simply have a London-centric view of the world?



Richard Scott: There is certainly an element where one has to look at the headroom in the market. If you put in the services, how much will the passenger market grow? You cannot just look at existing passengers, definitely. There are, of course, competing demands for funds, as we have discussed. The key here is to look at modal interchange. We have to look at the end-to-end journey for rail. It is no good having a brilliant rail service if people find it next to impossible or inconvenient to get to the train station. That is where partnerships like ours with TfW come in, to integrate with the local bus networks. How can we make it easier for people to get to the train station on a sustainable footing? We are investing about £1.5 million in secure cycle facilities around the route. Let's make it easier for people to get on the train and make it sustainable.

Q64 **Geraint Davies:** Would you support a sort of metro around Swansea and Cardiff to get on to the main line and speed it up into Bristol, partly to counterbalance the impact of HS2 that I mentioned earlier, where KPMG said there would basically be a displacement of investment and jobs if we don't do something at this end?

Richard Scott: We have to look at the whole network holistically. We can't focus on one bit and, when we invest in one area, we need to look at what effect it has on other areas. Integrating different modes of transport is absolutely key to the success of the whole network.

Geraint Davies: Finally, Sarah Kelley, a similar question.

Chair: Very quickly, please.

Q65 **Geraint Davies:** Yes, if you could be very quick, Sarah. Sorry, I have taken too long, as the Chair is saying. In a nutshell, how are we coming out of Covid, and how do you see us marrying up with building back better with a view to investment in south Wales and Wales?

Sarah Kelley: I will keep it as succinct as possible. I would echo what both Mark and Richard said about support from the UK Government. We have entered a new style of franchise—which is referred to as an OFCA—which is basically an operating contract, meaning the Government pay us to operate a specific service level to meet the demand that is there and the deliverables around the affordability of the contract. Richard has very well articulated the points around investment, and I don't think there is anything more that I would add to that discussion.

Q66 **Ruth Jones:** Mr Hopwood, you mentioned the movement from two lines to four lines in the Newport to Cardiff area. Obviously, as the Newport West MP, I have massive interest in this area. In terms of the Burns Commission and the Hendy Review, they talk about the blockage this side of the Severn tunnel being the four tracks. For clarity, can you just expand on what you said?

Mark Hopwood: There are four tracks in place between Newport and Cardiff today, but historically the way those have been used is that two tracks have been used for passenger trains and two tracks have been



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used for freight. The freight train tracks are generally limited to 60 miles an hour. Clearly there is a little less freight in south Wales, but we support freight being looked after. I think there is scope to upgrade those tracks. That is what the Harris Report said. There is always a balance where you are trying to use the same bit of railway to do a number of different things.

This is one of the reasons why there is a case for HS2 elsewhere. I think between Newport and Cardiff people want us to be able to run fast trains to Bristol and London, and they want to see journey times reduced, but they also want to see new stations open and for those stations to have a good quality metro service. The only way you will achieve those objectives, both of which are absolutely legitimate, is to have the four tracks open and use the two twin tracks for slightly separate reasons.

Q67 **Rob Roberts:** Thank you all for your time. To continue this theme, I want to ask about timings in terms of recovery, but just before I do, I have a very specific question for Mr Scott. We talked earlier about infrastructure, and obviously on the West Coast main line we use the Pendolino train that goes down through Manchester, but the Super Voyager goes across from Holyhead. Presumably that is because there is no electrification across north Wales. I am interested to know what benefits you feel electrification of the north Wales main line would bring not just to the network but to the region in general.

Richard Scott: You are absolutely right in your assessment. The Voyagers will be replaced over the next couple of years with our new fleet of bi-mode trains, so they will be able to run on electric when they are under the wires and then switch to diesel when they are in the non-electrified section, so the north Wales coast, as you rightly say.

We would love the entire rail network right across the UK to be electrified, as I am sure most people would, but there are difficult competing demands on the public purse for politicians to decide, which is why we are looking at what else we can do, at other solutions. We have nearly £300,000 that we are going to put into funding studies for what might be other greener solutions for the north Wales coast. For example, you could have batteries on board trains to cover certain sections, hydrogen trains, intermittent electrification and so on. We are presenting that report to the Department for Transport shortly and then, subject to that, we hope to be able to share it.

Q68 **Rob Roberts:** Very quickly, is it the case that it is costing more for people who are necessarily using your service to have to buy those hybrid trains, as opposed to buying purely electric ones? Is that having an impact?

Richard Scott: We are investing right across the network, so the new trains are clearly an investment and they will improve customer experience, the same as our refurbished Pendolinos will. It is about



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customer service. We want to make the network the best it can be for our customers.

Q69 **Rob Roberts:** To go back to the point about recovery, I am interested in timings. When do you expect the rail industry to recover from the pandemic? Do you think passenger numbers will go up, and what plans do you have to adapt your markets to rail customers post-pandemic to attract more people back?

Sarah Kelley: Richard touched on this in one of his earlier answers. When previous lockdown restrictions were lifted, we saw a return of customers coming back to rail. We know the demand levels will be different, and at the moment there is still a lot of uncertainty about what those levels will look like going forward. We know through some of the work we are doing with Transport Focus and other partners that the journeys people want to make will be slightly different. There will be more working from home, therefore commuter travel will be less and we expect to see a growth in some of the leisure industries.

In terms of a specific date for that, we do not have one immediately but we know it will be sometime in the future—a couple of years—before we see any return to the levels we saw, for example, in 2019.

Rob Roberts: A couple of years? Interesting. Mr Hopwood, any thoughts on that one?

Mark Hopwood: We have had to deal with lots of things since I have worked in the railway, a lot of them of our own making, but clearly we have to accept that, ultimately, the Government will take decisions around things like travel restrictions based on the medical issues rather than anything in the industry. Sarah talked about last summer, and I think last summer gave us an insight into how and when restrictions are relaxed. People will come back.

Of course we have done our own research. In very simple terms, we think the commuting business probably has changed in the long term. It is not going to be eliminated. Of course Zoom and Teams have their uses, but I think people will still want to work face-to-face at times. I think we see leisure travel bouncing back, and bouncing back quite strongly. For business travel, the evidence has suggested through the pandemic that perhaps there is a slightly stronger desire for face-to-face business travel than there perhaps was initially.

If we are going to have more leisure passengers, we need to think how we adapt the railway to support that. Particularly around leisure, it looks to me, with some of the things that have emerged in the last few weeks, that travel overseas may be more difficult for a longer period and UK destinations will become more attractive. As great a product as rail is, we perhaps need to work a little harder on the final mile. There are some great destinations in Wales, for example, but they do not have a railway station outside them, so we need to help people to make that final leg of



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the journey from the railway station to the destination, whether it is with buses or other forms of integrated transport.

Of course we need to work very closely with people like Visit Wales and some of the attractions themselves. We need to think carefully about some of the ticketing types that will be needed to respond to those changes as well, and we are.

Q70 **Rob Roberts:** Finally, Mr Scott. Ms Kelley just said it will be a couple of years before you get back to normal. Do you take a similar view?

Richard Scott: Yes. It is very difficult to be precise, of course. We don't know exactly, any of us, how the pandemic will unfold, but we believe demand will come back strongly. We did see it in the summer when lockdown was released. People want to travel, and that will not stop. They want to travel for leisure, to see friends and family, so we believe it will come back strongly. We have marketing campaigns ready to go to encourage that as soon as it is appropriate to do so. We will get people back on trains.

Q71 **Dr Jamie Wallis:** Leading on from that discussion about post-pandemic plans, how important is versatility going to be, particularly on a regional level if people do change their working habits, perhaps taking fewer but longer journeys? For example, if they are working from home several days a week, they might be prepared to work for an employer much further away than they are right now. How important is it for your organisations to be versatile, and how difficult is it to come up with rail improvement plans with some of these unknowns about the post-pandemic world still looming over us?

Richard Scott: It is important, that is the short of it. We know that the world has changed. People are probably going to work at home for greater periods than perhaps they would have done pre-pandemic. We need to be flexible as an industry. The RDG has called for fares reform over the last year or two, and there has been a lot of work done on it. There is work happening as we speak on flexible season tickets. We are liaising with the Department for Transport through the RDG. The West Coast Partnership do not have that many commuters on our network, as I said earlier, so it will be of much greater importance for Mark, for example, on his network, but it is important that we give the customers what they need and react agilely as an industry as the world changes around us. We can't sit still.

Q72 **Dr Jamie Wallis:** Mark, has the pandemic perhaps thrown open the possibility that people from Cardiff will work for employers based in London? How will you meet those challenges, and what is the art of the possible as far as GWR is concerned?

Mark Hopwood: The answer to your question is yes. While we have not seen those people in very large numbers, such people existed prior to the pandemic. As we reduce the journey time from Cardiff to London, particularly below 90 minutes, that becomes possible. You can already



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get from Bristol Parkway into Paddington quicker than you can from some of the outer reaches of the underground network, and maybe Cardiff might join that club soon.

The commuting peak, particularly into London, but also into cities like Cardiff and Bristol, has been a challenge for the railway in recent years in that you have rolling stock that only works perhaps one peak service in the morning and one in the evening, so smoothing the demand curve through the day has some benefits. You are absolutely right to talk about longer-distance commuting. We are already seeing some evidence of that, and people who analyse things like house prices are seeing that, that people who perhaps have lived in cities or close to the cities have realised they could perhaps have a property that suits them better and travel less often on a slightly longer journey. I think people will want to explore that type of possibility. It is very difficult sat here now to predict with absolute certainty, but we have some flexibility in our operation and we can certainly adapt to that.

Finally, I mentioned the report on south Wales earlier, and I think I referred to it by the wrong name. I was referring to the Burns Report, just for the sake of accuracy on the record.

Q73 **Dr Jamie Wallis:** Sarah Kelley, as someone who is responsible for timetabling, what a challenge you are going to have over the next few years just to meet all these changes and the demands. I don't envy your responsibilities at the moment. How important is versatility, and what support do you think you will need from UK Government to help you meet those challenges?

Sarah Kelley: We have adapted pretty well so far. CrossCountry and every other operator has been through numerous timetable iterations in a very short space of time. Normally we would change our timetables twice a year. We have done seven, eight, nine timetable changes in some cases to reflect the demand, and also in some ways to control costs. We are working with our industry partners to look at what demand changes might be there in the future, so possibly people working from home. There is some evidence to suggest that the popular days for travelling will be Tuesday to Thursday, therefore the demand and peaks might be altered and changed. We are obviously, as Mark said, looking at the versatility of fleet and what we can move around to accommodate the new styles of working.

Q74 **Ruth Jones:** Coming to the end of this session, I am looking forward. What do you think should be the main priorities for the rail network, particularly in Wales?

Mark Hopwood: As it is the end of the session, I would also want to put on record the tremendous work that has been done, not just by people in my business but in Network Rail. We use all the stations that Transport for Wales provides in Wales, and there has been a tremendous team effort to run the railway through this very difficult period. Sarah has



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talked about timetabling, and we have a similar experience of asking people to do an awful lot more and I think people have responded.

Looking forward, I would bring back some of the points I mentioned earlier. We have seen investment in south Wales. It clearly is not as much investment as some people would like, but we should recognise that we have seen quite a transformation in terms of capacity, capability and things like journey times on a number of services, and the quality of rolling stock has improved.

Going forward, we have mentioned decarbonisation a few times in this session. That is important, and we want to see more services operating in an environmentally friendly way. That generally means electrification, but there is possibly a role for battery and hydrogen as well. Particularly for me, as the MD of Great Western Railway, Cardiff and Swansea are obviously important.

I would emphasise once again—for people who are in Wales and want to travel into England or who use services that have come from England—some of the benefits of the English investment I mentioned earlier, but I would also add the western rail link to Heathrow. Collaboration is very important. Some of these projects, particularly in south Wales, where you have Network Rail, TfW and ourselves, need to work closely together. We need to have a balanced portfolio and make sure that we are looking at the local journey needs as well as some of the long-distance journey needs, not just to London but to Bristol and also connecting things like airports. There is not much business to airports now, but hopefully in the future there will be. That is important connectivity as well.

We need to think not just about infrastructure within Wales, but cross-border. We need to be agile and flexible, and we need to recognise that our customers will perhaps behave differently in the future. We need to be ready to respond to that, and to respond to the needs they will have in terms of what we provide. The infrastructure obviously has to be in place to support that.

Ruth Jones: Ms Kelley, do you have anything to add to that fairly comprehensive response from Mr Hopwood?

Sarah Kelley: Mark has stolen most of the bullet points that I would have wanted to cover. It is very important that we continue with that collaboration and partnership, and that the industry moves towards working more collaboratively and closer together. Those are the key points.

Richard Scott: I would make three points. One is that we just have to be flexible and listen to the customers. The customers and what they want will change over the coming years from what we used to expect from them, so we need to listen to customers and respond to their changing demands.



Accessibility is going to be a massive one over the next few years. We need to get the railway more accessible as a whole for passengers with particular needs that need to be catered for. We have ageing stations in some cases; we have a variety of different rolling stock and trains, which makes life harder to deal with this. We need to tackle it as an industry.

Finally, we need to do all of this in partnership. We need to work together for the good of the rail industry. We can achieve far more working together with stakeholders, with people in the industry and with those in authority than we can individually.

Q75 Ruth Jones: I agree entirely with your point about accessibility for trains and stations, very important. Going forward, what support do the rail operators need from the UK Government?

Sarah Kelley: We have already had a great deal of support. The continuing assistance is helping us work as an industry on solution-finding and being as joined up and flexible as we possibly can be to be able to meet those changing demands and needs.

Richard Scott: I would say work with us. We have had a tremendous amount of support from the taxpayer over the last year or so, there is no doubt about that, but we have a lot of expertise in the rail industry. Let's work as a partnership so that we can get the rail industry into the best possible place for passengers. If one side is dictating to the other, it will never work. Let's work together and harness everyone's expertise.

Ruth Jones: Yes, that makes sense.

Mark Hopwood: I would endorse what Sarah and Richard have said. Government have been very good at recognising what the railways needs and putting it in place fairly quickly. Lots of people are talking about the agenda beyond Covid, and the railway wants to be part of that. We think we can provide quite a lot of the solutions to help drive economic growth across the country, but particularly in areas that need their connectivity improved. We are here and ready to get on with that.

Q76 Geraint Davies: Mark Hopwood, obviously we all understand that if you are at the end of the line there are fewer people on it and it is less economic. Regarding the levelling-up and connectivity agenda, do you think there is a case for improving the frequency and speed of trains from Bristol to Cardiff, but in particular from Cardiff to Swansea and beyond? People have less money there, and a ticketing system could be run somehow where the extra cost of getting to Swansea is low and the cost of getting from Swansea is lower so as to encourage those people, who have less money, to generate more wealth, with this money perhaps targeted from the Government, as opposed to a commercial decision.

Mark Hopwood: In terms of the journey time to Swansea, I said earlier and I would reiterate that we support infrastructure improvements. As Richard said, there are a lot of people who have their own shopping lists



of things they would like to see improved, but Cardiff-Swansea has a good case, in my opinion, for improvement.

Rail fares are always a controversial area. We would maintain that there are some very good value fares out there, but obviously at the end of the day the railway, in simple terms, is either paid for by the farepayer or the taxpayer. To some extent, that is more of a political decision than a tactical one, and particularly if you want to use rail fares to drive people's behaviour, very much so. We support that in some cases. There is more capacity on services into Swansea than we currently have passengers, so we could accommodate some of that growth if people wanted to respond in that way.

Q77 Geraint Davies: But in general, if you had a bigger network in south Wales and a proper metro, and if you put the investment down, would you agree that more people would use it and the case would be made in the reverse? Namely, people are waiting for the numbers to be there before the investment, but perhaps in these cases there is a case for investment to build the numbers.

Mark Hopwood: I absolutely believe that rail investment should be used to drive economic growth. The level of the fare, as I say, is a political decision and one to have a look at in terms of the business case, but absolutely, I think we can use investment in Wales to help deliver some of those economic benefits that people aspire to. Swansea has seen its journey time to London reduced. There is scope to do more of that with more investment.

Q78 Geraint Davies: Richard, very briefly, do you think there is a case to be made outside the normal cost-benefit analysis on the levelling-up agenda that we should have better services, better networks and lower fares for poorer communities, whether it is Swansea or elsewhere in Britain, and then over time to help generate more regional prosperity, rather than it be sort of self-fulfilling to invest more and more in London and the south-east? After all, if you had three cities, A, B and C, and A and B are connected and B and C aren't very well connected, then obviously you would have more passenger movements between A and B and that would feed more investment, and you don't end up where you want to be. What are your thoughts?

Richard Scott: Yes, there is certainly an element of, "Build it and they will come," and that needs economic analysis to look at the headroom in the market. If you supply better connectivity and frequency, how much would passenger demand increase? There is certainly a case for softer benefits to be taken into account, so that people can connect with friends and family and look after their mental health better and not feel as isolated. Those are difficult to value when you are looking at a BCR, but they are important.

Geraint Davies: And to get rich people to move to the end of the line because they can commute, and therefore stimulate the local economy



there.

- Q79 **Chair:** We are going to bring this session to a close now as we approach 11.30 am. Mr Hopwood, can I return to some comments you made earlier? It builds on Geraint's line of questioning. You talked earlier about wanting to see your trains being able to move faster through the Welsh network. There has been a lot of discussion this morning on services, Swansea-Cardiff, Cardiff-Bristol, where there is an intense population of business activity. Let's not forget the rural parts of Wales and west Wales. My comment is partly a plea and partly a question, a plea always to bear in mind the people right at the end of the services—in your case, it is in west Wales—but specifically about improving journey times.

There were proposals in the past for a Swansea parkway station to try to achieve faster line speeds between west Wales, Swansea and Cardiff. What is the single most important priority that we should be talking about as politicians in that part of Wales if we want to see faster line speeds between west Wales and Swansea and Cardiff? Is it the parkway station or is it something else?

Mark Hopwood: Obviously the parkway station assumes that people will get in their car and drive for some of the journey, which may not be desirable from all respects. Cardiff-Swansea is obviously an essential part of the route to west Wales, so if you invest in that part of the route first, you will bring benefit not just on the Cardiff segment, but the journey beyond. I would probably say that should be the first priority. We have seen some investment west of Swansea recently, which we welcome, an additional double track between Swansea and Llanelli.

There is work that could go on with Network Rail to improve the infrastructure and reduce journey times by raising line speeds. Obviously we support that. I think the best benefit would come from the Cardiff-Swansea section. We do have the option to run more trains west of Swansea on our London route. At the moment, commercially, we are not sure it would work, but as a socioeconomic venture to drive growth, it probably would work. If Government want to work with us, we would be very happy to do so.

Chair: Great, thank you very much, Mr Hopwood, and thank you to all the panellists. It has been a very useful and interesting session. Mark Hopwood, Sarah Kelley and Richard Scott, thank you very much for your time this morning. Thank you to my fellow Committee members for their participation and helping to make it so useful. Thank you all, have a great day.