

Welsh Affairs Committee

Oral evidence: [The Wales and Borders Rail Franchise](#), HC 589

Monday 24 October 2016

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[Watch the meeting](#)

Members present: David T. C. Davies (Chair); Dr James Davies; Glyn Davies; Liz Saville Roberts; Craig Williams; Mr Mark Williams.

Questions 131 - 168

Witnesses

I: Paul Maynard MP, Parliamentary Under-Secretary of State, Department for Transport, and Eddie Muraszko, Deputy Director, Midlands, North and Wales Market, Department for Transport.

Written evidence from witnesses:

- [Department for Transport \(WBR 40\)](#)

Examination of Witnesses

Witnesses: Paul Maynard MP and Eddie Muraszko.

Q131 **Chair:** Minister, we are very grateful to you for coming along this afternoon. Without any further ado, I will ask Craig Williams to start off unless there is any quick statement you want to give us beforehand.

Paul Maynard: I will just introduce Eddie Muraszko from the Department, who is the official accompanying me and knows more about Welsh train services than I could ever hope to learn in my life.

Eddie Muraszko: Yes, I did let the first Wales and Borders franchise way back when, so I had better admit that now.

Paul Maynard: He is the perfect witness.

Chair: Thanks very much. I am sure the Minister will know everything that we ask him, but if you wanted to add any further information afterwards, that is great.

Q132 **Craig Williams:** Thank you, Minister, for coming. I wonder whether I could ask you at the outset how the Welsh service and Welsh franchise compare to other areas of the UK.

Paul Maynard: In terms of its network, it basically contains every type of rail service that we have in the UK, be it long distance rural, short distance commuter or key intercity routes, so it is almost the UK network in microcosm. In terms of service delivery, we have seen a substantial increase in passenger numbers since 2003, around 75%, and a 55% increase in passenger kilometres, so we have seen a significant increase in demand, which is replicated across many other franchises as well.

What we have also seen is quite high performance in terms of meeting PPM targets. It has started to just drop off ever so slightly in recent years, but from a very high peak and not to the extent that other franchises may have done. That is perhaps reflected by some of the changes we see in how we treat level crossings. We have more temporary speed restrictions now. We have a phenomenon called "cyclic top" that affects freight trains in particular, so there are reasons why it does not quite stay at the very high level it was.

Overall, I think it performs well, particularly given the age of the rolling stock and the extra effort that Arriva Trains Wales has had to put into upgrading and maintaining that fleet.

Q133 **Craig Williams:** In other sessions, we have had comment about Arriva Trains Wales's rolling stock and how well they have done considering. I wonder whether, it being the UK in microcosm and looking at that franchise, one franchise is enough. We have asked other witnesses and I wonder whether we could draw your views out on that.

Paul Maynard: I always try to avoid redefining franchises on the basis of geographical convenience. Clearly, there are two major rail markets in Wales, one through South Wales and one through North Wales, and what you have to do with any franchise that you design is ensure that it is as economically viable as possible, that it will not require disproportionate levels of subsidy, and that you have a network that coheres. As far as I am concerned, the Wales and Borders franchise should stay as it is. I do not propose any remapping of routes.

I noticed in some of the earlier evidence sessions that there was some concern from members that we might be halting trains at the border and detraining passengers. That is certainly not my intention. I have always taken the view that any changes you make within the rail industry have to be demonstrably for the benefit of passengers rather than the convenience of any one train operating company or infrastructure provider. As far as I am concerned, passengers want to see a unified and coherent network and that means that we need to retain the current franchise.

Q134 **Craig Williams:** As the services are drawn currently—and you have given us that assurance about the current franchise, which I welcome—are there any lessons we could take from that? I am thinking in particular, if I may, from the official from the Department as the last franchisor.

Paul Maynard: I think it is almost simplistic to say one lesson we have learnt is that no-growth franchises are not appropriate in the current environment. It is almost stating the obvious. It is worth considering the circumstances in which no-growth franchises occurred. Back in 2003, the SRA was not in a good place. We had just had the Hatfield rail disaster. In my own franchise, Northern, we also had a no-growth franchise that had a particularly damaging impact on the ability of the network to cope with passenger growth, so no one would necessarily opt for a 15-year franchise in the future.

However, there is no real magic figure as to what the ideal length of a franchise is because you are trying to balance two competing tonnages almost. First, you need to be able to ensure that anyone investing in the franchise is getting a return on that investment. That leads you towards a much longer franchise length. At the same time, the longer your franchise the more you have to predict what the risk will be in the future in terms of predictions over passenger growth.

We recently had a review into franchising conducted by David Brown. That effectively recommended somewhere between seven and 10 years, and we fed that information into the Welsh Government, who are planning this current letting process, as to what we think the options are and what we have learnt over the past decade and a bit over constantly tweaking franchises to get best value for the customer and improve passenger experience.

Eddie Murszko: I suppose I would add that although we let the franchise in quite difficult circumstances, we left enough flexibility for bidders to offer us improvements within the overall subsidy level of the minimum. That is what led Arriva to offer what is called the standard pattern timetable, which was a hub and spoke system of repeating pattern trains based around Shrewsbury that really improved the interurban services. I think the lesson learned is to allow bidders to innovate.

Q135 **Chair:** Minister, first of all, when will you expect franchising powers to be devolved to the Welsh Government?

Paul Maynard: As I understand it, we should be making the transfer of orders powers in roughly a year's time, which would allow the franchises to start on schedule.

Q136 **Chair:** Will there be any parliamentary oversight of that?

Paul Maynard: I believe, and I am going to be corrected here on the detail, that Members will be able to debate it on the Floor of the House.

Q137 **Chair:** What sort of impact do you think that might have day to day on rail customers?

Paul Maynard: That will partly depend upon what package of enhancements the Welsh Government seek to put into their invitation to tender. I know Mr Skates gave evidence to you a couple of weeks ago over what his top line ambitions were, mainly around enhancing service frequency, improving the quality of the rolling stock and improving the resilience of the infrastructure. I would hope that passengers will see benefits from all those in the years to come once the franchise starts.

Q138 **Chair:** It is a particular interest of mine and I am sure you know I have been asking this, but what will happen to British Transport Police? At the moment they answer—uniquely, in fact, for a police force—to the Secretary of State for Transport; to yourself, I suppose, at some level. If we devolve rail in its entirety to the Welsh Government, or at least one of the franchises, would the BTP officers continue to answer to yourself or to the Transport Minister in the Welsh Assembly?

Paul Maynard: My understanding is at the moment they would still be answering to me at the Department for Transport. We are devolving British Transport Police up into Scotland. It was not proposed as part of the Silk Commission and it is not an idea that we propose to take forward. Particularly because it is a cross-border franchise, I think for that reason I am not persuaded that it would be an appropriate step.

Chair: Yes. I would go along with that myself.

Q139 **Liz Saville Roberts:** I take it, Minister, from what you said earlier that the Department for Transport will not be pushing for the devolution of the Wales and Border rail franchise through the Wales Bill. Am I correct in that respect?

Paul Maynard: I believe that the transfer of orders powers are sufficient to allow the agency instructions to be transferred to the Welsh Government for them to take the decisions they take, but it does not need to be part of the Wales Bill.

Q140 **Liz Saville Roberts:** We had anticipated it to be part of the Wales Bill and we are somewhat surprised that it was not. In that sense, does it not seem to be a suitable vehicle or was there another reason?

Paul Maynard: If we already have the powers that we need to effect the transfer, I do not see any need to add it to the Wales Bill.

Q141 **Mr Mark Williams:** Thank you, Minister, for coming along. I want to ask you a couple of things about financial arrangements running alongside the devolving of the franchise. In 2006 when the Welsh Government became responsible for the management of the franchise, additional funds were provided by the UK Government through the block grant. This Committee has had evidence to suggest that a financial agreement for the transfer of rail franchising responsibilities to the Government has not yet been reached. Indeed, insofar as there is an agreement, there is not included an increase in the block grant. Is that the case?

Paul Maynard: What I would say is that the broad principles have already been agreed back in November 2014. You are right to observe that the block grant is unaffected, but there are a number of outstanding issues that will still need to be decided, not least the future management of some stations currently in England, the investment in the Valley lines, the transfer of ownership potentially to Network Rail, and also some of the impact of future regulatory reviews that need to reach a conclusion as well. Work is still ongoing in what the end result of that will be.

Q142 **Mr Mark Williams:** Are you confident that work will be resolved?

Paul Maynard: I am very confident. As you heard from Mr Skates a couple of weeks ago, relations between the Welsh Government and ourselves at the Department are very good—very open, transparent and co-operative. We are working through all of these issues in as constructive a manner as possible.

Q143 **Mr Mark Williams:** Another factor Mr Skates alluded to in his evidence was the impact of the UK leaving the European Union. That was also the message from Railfuture Wales's submission when they said that European funding has helped station and other improvements, but at present it is unclear whether similar levels of funding from the UK Government rather than the EU will be available in the future. That was also the message of Mr Skates last week. Is the uncertainty over potential EU funding also another factor in addition to the ones you listed earlier that could have a very direct impact on some of the infrastructure projects that we work on in our constituencies?

Paul Maynard: We have been quite clear that if the Welsh Government continue to make bids into the European Union while we are still a member of the European Union and is successful in those bids—for example, for the South Wales Metro project—then after we have left the

European Union we will guarantee that funding in the future. He made that commitment at the Conservative Party conference. You might not have been watching it; I am not sure.

Mr Mark Williams: Sadly, alas, not my usual viewing but nonetheless.

Paul Maynard: Not your usual destination I know, but he was quite clear about that, which I hope gave reassurance to the Welsh Government as well that it can continue planning for its own enhancement programmes and applications to Brussels for that funding. I recognise the need for certainty.

Q144 **Craig Williams:** I just want to touch on that so I completely understand it and get some clarity on it. If the Welsh Government, in my opinion, pull their finger out and get on and apply and continue to try to get as much infrastructure money out of Europe, if they are successful in that, no matter the date, the UK Government will bridge that?

Paul Maynard: The Welsh Government need to make an application to the European Regional Development Fund for multi-year funding. If that multi-year funding takes the date of completion beyond the date at which we have left the European Union, the Government is then guaranteeing that extra funding.

Q145 **Liz Saville Roberts:** The onus, therefore, is on the Welsh Government to make the application. Would I be correct in understanding, therefore, that they would have to be successful in their application to the EU for the structural funding?

Paul Maynard: Yes, correct.

Q146 **Liz Saville Roberts:** What if they are not successful because we are in a different environment now? Approaches from the United Kingdom to the EU may not be looked at in the same way as they were previously. They could be caught between two stools, surely.

Paul Maynard: I understand why you are asking a hypothetical question, but it is rather difficult to answer because it is hypothetical. I hope they are successful. We are still and will remain full members of the EU until the point at which we leave. I would be very surprised if Brussels looked askance at any of our applications as a consequence of that.

Q147 **Liz Saville Roberts:** Forgive me if this is hypothetical. I can understand why you are saying that the onus is on the Welsh Government to make the application. If they were unsuccessful, would they then have a route to discuss this with the UK Government?

Paul Maynard: There would then be the option of considering any proposal for infrastructure enhancement, with the usual process of specifying it in the high-level output statement that the Secretary of State has to draw up and then looking at all the other options that are competing for money in any particular control period. It would become like any other recommendation. Obviously, it is a very important project

in terms of Welsh infrastructure, but at the moment I would urge the Welsh Government to progress its application as soon as possible.

- Q148 **Chair:** The Minister, Ken Skates, told us last week that in Scotland it would be possible for the Scottish Government to give the franchise to a public sector body, but this would not be possible in Wales or, for that matter, in England. Can you comment on this? Do you think that once franchising powers have been transferred to the Welsh Government, the Welsh Government would be in a position to change this if they wish to?

Paul Maynard: I have noted this issue has come up a couple of times now in the evidence taking, and Mr Elmore, who is not with us, I know takes a particular interest in this. There is nothing to stop the Welsh Government at the moment choosing to allow a not-for-profit operator to bid because the prequalification process they have gone through is slightly different to the Department's in that they do not require the operator to have a passport. However, should the Welsh Government choose to go down that path, at the moment they would have to stop the work that they are doing and restart the entire franchising process so may not be able to reach their July 2018 deadline. It is my understanding, and Mr Muraszko can correct me if I am wrong because he knows the detail far better.

- Q149 **Chair:** We understood that they could allow a not-for-profit organisation or company to bid for the franchise. I think the point that Minister Skates was making was that he could not award it to a public sector body. I think he was making the point, if I understood it correctly, that that could be done in Scotland. I am not particularly enthusiastic about the idea from a personal point of view, but the question has to be put: why would Scotland have that power and Wales would not, if Mr Skates was correct and I understood him correctly?

Eddie Muraszko: I believe the complicating factor at the moment is the fact that the franchise operates extensively within England and it would not be the policy of the Department.

Chair: I see, yes.

Paul Maynard: They could do a Wales only, but that would be excessively complicated for the Minister.

- Q150 **Chair:** In that case, if the Committee will forgive me I am going to jump ahead to another question that leads nicely on from this. As you say, it is quite possible at the moment that the Welsh Government will end up being responsible for a franchise that may be used by people only getting on and off a train in England. It is perfectly possible, is it not? Therefore, what mechanism will they have to complain about the service that they get to Members of Parliament or members of the Welsh Assembly if they are not satisfied with it in some way?

Paul Maynard: The moment I started to look at this issue this particular fact leapt out at me as potentially troublesome, so I was very clear I wanted to ensure that English passengers on English-only routes have an effective means of redress and representation. I know there is a cross-

border forum that exists that meets I think every six months. I have read the evidence from Cheshire West and Chester Council over its concerns over its effectiveness.

I would very much welcome the Committee's views on how that forum could be made more effective in terms of representing English passengers, but I recognise it is a concern. We have been working very carefully in a constructive manner with Mr Skates over how to ensure that the detail of any agreement ensures that the Department for Transport has an effective voice at all stages of the process without in any way preventing the Welsh Government from effectively delivering its objectives when in Wales.

Q151 Chair: Would it be possible for me to suggest that Members of Parliament representing people in England who are using a service and are not satisfied with it for some reason ought to have the right to put questions to Ministers in the Welsh Assembly about that? To be fair, mind you, I should also say that in asking for this, whenever I have asked questions of Ministers in the Welsh Assembly they generally do answer them, although sometimes with a fair old delay. Even so, should that not be perhaps made a bit more of a concrete convention if this is going to happen?

Paul Maynard: It is an interesting constitutional point you raise that I will take away and ponder in my heart. I am not sure what the practice is—because I do not represent a border constituency—if an English border MP has concerns they wish to raise with Welsh Assembly Ministers. I would look to try to ensure that the cross-border forum was as effective a vehicle as it could possibly be to enable English people to feel adequately represented in terms of service delivery.

Q152 Liz Saville Roberts: This next question is in relation to the relationship between Network Rail's priorities and funding in Wales. We have noticed and it has been given to us as evidence that since 2011 only around 1.5% of the rail enhancement expenditure across England and Wales has been made on the Wales route areas. Keeping this in mind and also the increasingly devolved structure of Network Rail, would you think, Minister, that now would be an appropriate time to devolve the financing of the Welsh rail infrastructure? The Welsh Government Minister, Ken Skates, was enthusiastic about this on condition that the appropriate funding followed it in his evidence to us last week.

Paul Maynard: When I first came to this House in 2010 I was on the Transport Select Committee, and our first inquiry was into regional transport spending as we sought to grapple with the seeming disparity in proportions of Government infrastructure spending according to different regions. We rapidly came to the conclusion that it was very difficult to assign transport infrastructure spending to a particular region.

For example, in the case of Wales there may be a significant benefit to the Welsh economy from investments that occur in and around Reading, for example, on the main line there. It is very hard to say that the full

benefit of any infrastructure enhancement only accrues to the region in which it takes place. That is true on the West Coast and East Coast Main Lines with regard to Scotland and, indeed, the north of England as much as it is in Wales.

I understand the point of the question and, I am sure like all Ministers in devolved Administrations that have responsibility for rail, I also frequently consider how best I can hold Network Rail to account to ensure it delivers on my priorities that I have responsibility for and that is a constant work in progress. The key thing about the devolution agenda is that it gives all Ministers in devolved Governments and myself more tools at their disposal to assess Network Rail's performance because we will be able to compare region with region, like with like. I hope that that will be able to make for more meaningful discussions when meeting with Network Rail officials.

In particular, in terms of route devolution to Wales, I think that will give all stakeholders in Wales more information through what are called route scorecards, not just over how Wales compares but how it compares over time as well as between different regions. People will have more information to hold Network Rail to account over their delivery of particular infrastructure.

While the Welsh Government are commissioning their own projects that they are funding—for example, doubling the line from Wrexham to Chester—I welcome all ideas the Committee might have over how Network Rail can be held to account for the delivery of those projects by the funder. I think it has to be all stakeholders at all levels in Wales and here at the Department for Transport doing all they can to hold Network Rail to account for delivering these because they are, after all, the clients.

Q153 Liz Saville Roberts: I appreciate what you say, Minister, about Reading and improvements in other areas. Nonetheless, I would respectfully remind you that we have yet to have any electrification in Wales and that really is quite significant, particularly for those of us who use the North Wales line. To return to the variation in the approach to devolution, what is the differentiation that makes devolution appropriate for Scotland of Network Rail and not for Wales?

Paul Maynard: Before I came into the role, of course, we had the Silk Commission, which I am sure you are far more familiar with than I am, but I gather that this was discussed at some length in the discussions over the Silk Commission. No political consensus was reached at all, so we are not taking the idea of Network Rail devolution further forward. I think route devolution as proposed in Nicola Shaw's report is the best way to deliver a consensus over how we improve the performance of Network Rail not just in Wales but across the network as a whole.

Q154 Dr James Davies: Following on from that, it is obviously so important that the UK and Welsh Governments co-operate. What is your feeling about the extent of that co-operation? Is the Department for Transport very keen on offering its support and advice proactively or does it just

respond to requests?

Paul Maynard: We would certainly have no interest in making life harder for passengers in Wales, but the expert in how we go about it is perhaps Mr Muraszko, who can talk through what it looks like in practice on the ground and how proactive he is.

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

When Transport for Wales was producing its next phase of documentation to go out to the bidders, they asked us to review them. We only had about 48 hours, but we still got a lot of comments back to them and they were very gratefully received. We have done everything we can and we continue to volunteer our expertise. We also look forward to learning from them because they are doing something quite different and we may well learn from them. We are not the fount of all knowledge, so it is a very co-operative way of working together at the moment.

Q155 **Dr James Davies:** That is good to hear, but I have a fear that if something is devolved then there may be a tendency to say, "That is now their problem". For instance, if we are looking at rolling stock that becomes freed up elsewhere in the UK because the lines are being electrified, would you think to contact the Welsh Government to say, "There are some trains here that you might be able to acquire"? Similarly, where there are franchises close to the border, like TransPennine Express, would you consider speaking to the Welsh Government about running extended services through to North Wales? Or could I ask that that perhaps is done?

Eddie Muraszko: Yes. Before this job, I was project director for Northern refranchising, and in that process we did have a dialogue with the Welsh Government about extending possibly either TransPennine or Northern services into Wales beyond where they go today. We did not reach an agreement on that.

In terms of rolling stock, particularly when there is a bidding process taking place, it is for the bidders to work out where available rolling stock is and include that in their bids, rather than the Government proactively placing it themselves. While during a franchise life there is more of a Government intervention in that field, it will be for bidders to decide over the next year or so, as they put their bids together, where existing rolling stock is or if they want to buy new.

Paul Maynard: I think there is no interest within the Government in having rolling stock lying idle if it can be suitably accommodated on the network. Clearly, rolling stock reaches the end of its life cycle eventually,

but if it is fit for purpose and can be used and meets the needs of that particular line, we would like to see it used wherever we can.

Eddie Murszko: I should add also that we do in our franchise agreements and competitions put in quite careful rules that bidders do not take rolling stock from franchises without there being a means to replace them. We will be looking for the Wales and Borders franchise and Transport for Wales to replicate those rules to our mutual benefit in this competition.

Q156 **Dr James Davies:** The cross-border forum was referred to earlier, and some of the evidence we received last week indicated that that was not perhaps as effective as it could be. There is particularly a feeling that local authorities are not very involved, certainly in North Wales, whereas they are in Cheshire and Warrington LEP, clearly. What do you think you can do to improve this situation, if anything?

Paul Maynard: Part of me would like to know more detail about what frustrations the councils are finding with the cross-border forum. That might help shape what the improvements need to be.

Q157 **Dr James Davies:** Yes. I think it is the political boundaries; there are so many of them. This is what they were telling us in terms of difficulty in securing the improvements and investment we need, because there are so many stakeholders, potentially.

Paul Maynard: Yes. You will know the taskforce that crosses the border, the North Wales and Mersey Dee Rail Taskforce. That ought to be a very good prototype for how to take forward accountability within the North Wales area, certainly.

I know the taskforce has some work to do to improve governance arrangements as well as the work it needs to do in prioritising what it wants to see from the various range of projects that are being recommended. That, to me, should potentially be a prototype of what we can build on going forward. As I said earlier, I strongly welcome the views of the Committee as to what they see might be the best solution as well and what we can learn for South Wales, too.

Q158 **Mr Mark Williams:** Before we move to the next set of questions on procuring the next Welsh rail franchise operator, I am keen to have your assessment on how Arriva Trains Wales have performed under the current franchise, not least the huge hurdle—and I think it is something we should all celebrate, obviously—of the 75% increase in rail travel. That has put a lot of pressure on Arriva Trains Wales. My train this morning, the 7.41 between Borth and Birmingham International, was a rather crowded service. There have been occasional glitches, I think, over the franchise period, but overall is it fair to say that Arriva Trains Wales have met most of the terms of their agreement?

Paul Maynard: I think it is very hard to find specific criticisms to make of Arriva Trains Wales's performance. They are meeting their PPM targets, for example, if not surpassing them. I did note there was some

decline in some of the satisfaction surveys for spring 2016, which I am sure both the current operator and any future bidders would want to look at and draw some conclusions from.

I think part of that is because the demands of passengers are changing. Whereas once upon a time your perception of your journey was just what occurred on the train the moment you got on, now it is much more, "How easy was it to buy my ticket at home? How easy was it to get through the station? Was there enough car parking?" People's expectations are increasing, and that has changed the nature of what train operating companies have to focus on in terms of what the passenger experience is. That is partly why we are redesigning the National Rail Passenger Survey, to try to capture that wider span of what makes the passenger experience the way it is.

Q159 Mr Mark Williams: I was particularly glad to hear what you said earlier on that where there is flexibility across the network as a whole in terms of redundant trains to utilise them. Certainly, a problem some of my constituents have intermittently faced is difficulty not in getting a ticket but getting a seat on occasions. There are particular localised problems that affect quite a lot of us in West Wales on the Cambrian line.

That is really welcome, what you have just said there. Given that—and my colleague Liz Saville Roberts is going to talk about the rolling stock challenges in a minute or two—what would be in your view the key investment priorities under the new franchise? You have obviously done a certain amount of homework on the glitches in terms of the satisfaction. What are the answers that should manifest themselves in the new franchise?

Paul Maynard: I am mindful of a number of things. First, it is not my franchise to specify. That is for Mr Skates to go into the precise detail of what should or should not be done by any set of bidders. What I would say, though, is that more widely across the country we need to start to try to identify improvements on the basis of what we believe the problems on any particular network are. You raised the issue of capacity, for example. If you look at Network Rail's route study that was published last March, a number of its conditional outputs by 2023 related to enhancing capacity, not just on lines in your area but commuter lines into Cardiff, commuter lines also into Chester, and regional services there.

My view is you need to take quite a careful approach that says these are problems we are seeking to solve in our network; this is the range of options that might then deliver that. It is for the bidders to decide through the invitation to tender and the bid-making process how it can deliver the specified minimum that the Welsh Government will put out in that tender. Then, once that minimum is specified by the Welsh Government, it is for bidders to exceed the minimum.

When the Department in England is commissioning at the moment, we look for what are called quality points; for example, how is the bidder exceeding the minimum that we specified in the tender? It is almost

saying, "Impress us. Show us what you can do". That drives significant improvement, I think, in the quality of what passengers get each time a franchise is re-let. It is why the last Northern franchise was such a step change from the no-growth franchise it had in 2003. I hope that Wales will benefit passengers similarly.

Q160 **Chair:** Can I just butt in for a moment? Does the unexpected increase in passengers that Arriva has experienced imply that the line is a lot more profitable than was first thought when the original franchise was offered, do you think?

Paul Maynard: If I look at the figures of Government funding per passenger journey, it is actually substantially higher than the two comparable franchises of Northern and ScotRail. Is it more profitable? If I look at, for example, the franchise expenditure, the costs have come down slightly, partly due to changes in the funding to Network Rail. I do not think it is greatly more profitable, because over the time of the current franchise we have seen significant enhancement in services already. The Welsh Government are investing £50 million a year also in the franchise, so it is not really the same franchise it was when it was let in 2003.

Q161 **Liz Saville Roberts:** When I was thinking of these questions now, what struck me was the advantage of hindsight in considering the PPMs.

Paul Maynard: It is always helpful in politics.

Liz Saville Roberts: In all honesty, I think we need to look ahead. It is evident that the PPMs of the time in 2003 really have resulted in a situation that was not necessarily satisfactory. I would like to turn now to issues regarding the rolling stock then, and also passenger satisfaction results that were published in June for spring this year. There are five particular areas where passenger satisfaction has deteriorated compared to the previous spring and autumn results.

These five are: issues regarding sufficient room for all passengers to sit or stand—I would not have thought any of the standing ones were particularly happy; connections with other forms of public transport and how that is aligned; the time in which connections are made—if you have three minutes to make a connection, believe me, you are anxious, for that makes a two-hour difference to when you get home; availability of staff, upkeep and repair of the train—which is also tied in, of course, to just the sheer age of some of the rolling stock; and the punctuality and reliability.

To what degree would you assess that these results are a sign that the public really are responding to both a lack of capacity and a lack of quality, and the sheer age of some of this rolling stock? Some of it is 40 years old.

Paul Maynard: As I think I said earlier, it can be hard to define what is in any one passenger's mind over what they are comparing things with. Is it previous years' experience, a particularly bad journey in that one

year, or a wider national experience? The point I would make with regard to the rolling stock is it will be a decision for the Welsh Government how they meet the increased demand on the part of passengers for rail travel and also, most importantly, the accessibility regulations that will be introduced in time for 2020. They could choose, should they wish to, to upgrade some of their existing rolling stock, which as many of you have pointed out is very out of date and old.

In other franchises in recent years we have chosen to invest in new rolling stock, because it is currently very cheap to borrow money and the cost of new rolling stock is good value at the moment. The Welsh Government will have options as to how they deliver on their objectives in terms of rolling stock, and that is a decision they will have to make on the basis of what they think are the appropriate options they have available.

Q162 Liz Saville Roberts: I think it has already been made clear to us that those decisions need to be made pretty soon, because there is a three-year or four-year run-in for purchasing new diesel rolling stock.

Paul Maynard: I would not disagree.

Liz Saville Roberts: Are there any ways in which Welsh Government and the UK Government could co-operate in this respect? You mentioned spare capacity earlier on.

Paul Maynard: Certainly, I think it is fair to say that rolling stock is not super abundant at the moment, particularly diesel rolling stock. As we make further progress with other infrastructural projects across the country there will be cascades of other rolling stock.

What I have found in my short time in this job is that each line often has quite specific requirements that very few types of locomotive actually match what that line can accommodate, either in terms of platform length or the location of doors at any one time. The pool of potential rolling stock is quite limited depending on where you are trying to cascade it to, but I have no doubt, and I am sure Mr Muraszko can confirm, that we will have continuing dialogue with the Welsh Government over what becomes available and what might be suitable.

Can I also just make a point about timetabling and a few minutes here or there making a difference? One of my other lessons has been that the art of timetabling is so critical, and I have discovered that some very sensible tweaking of a timetable, a few minutes here or there, can make an immense amount of difference and obviates the need for some quite costly infrastructure enhancements.

I have been encouraging Network Rail to look again at how it does timetabling within its headquarters, to make sure that it is seen to be the skilled job it is and not a starter job that people move on from all too quickly without then ensuring there is any inherited body of knowledge within that timetabling department. I think that is a very important point you make.

I would also make another point, which is in English franchises we have made extra stress in recent years on community rail partnerships and using the franchising process there to drive funding for community rail partnerships. That is particularly important in many of the rural Welsh lines, where I know that the CRP does such a superb job. That can have a virtuous circle of driving increased ridership and then improvement in rolling stock as well. I would hope that we might see that as well in what the Welsh Government put forward.

Liz Saville Roberts: Thank you very much for your comprehensive answer.

Q163 **Chair:** Minister, what term length do you think the new contract should be? Should it be longer, shorter, and what sort of break clauses should be included? What is your opinion on that?

Paul Maynard: In terms of the length of the franchise, I think we have already said that David Brown pointed to seven to 10 years as being the ideal length. That is broadly what we have followed in the Department since that point. Obviously, it is for the Welsh Government to specify what they believe to be the appropriate length and break clauses, but we will negotiate continually and feed in our ideas and experience of how we have done it in England in recent years.

There is no static model of perfect franchising, partly because the market itself changes continually. The risks that companies are prepared to bear, the predictions over passenger numbers, they do change from year to year. There is never a single model that you can point to that says, "This is how it should be done", because by the next year certain variables will have changed and you need to constantly alter your approach to make sure you have a vibrant franchising market.

Q164 **Chair:** You would agree also, though, that there need to be break clauses inserted, or penalty clauses, if the franchisee fails to deliver?

Paul Maynard: There are always a range of clauses you can insert that incentivise good behaviour on the part of the train operating company. Sometimes they are linked to results from the National Rail Passenger Survey. Sometimes it is linked to punctuality; cancelled and significant delays.

In some of the other more high-pressure franchises in the south-east of England, for example, it can be around the number of passengers who might be standing, for example, as well. Once again, there are a range of options that are at the Welsh Government's disposal that they could choose depending on what they think the major problems are that they are trying to solve.

Q165 **Chair:** Do you think it is a challenge within the Government to find people who have the expertise, notwithstanding the expertise of Mr Muraszko, to go through these contracts and make sure that they are not being, to some extent, hoodwinked by hardnosed, private-sector operators who, quite naturally, are looking to make a profit?

Paul Maynard: I think that the civil servants in my Department do an excellent job to ensure that we drive taxpayer value for money through the franchising process. If I recall correctly—I am trying to do things from memory—the National Audit Office found that we got 89% more value for the taxpayer out of a contested franchise than if no franchise contest had occurred and, indeed, 33% more value out of a direct award, ie when we negotiated with the existing franchise holder. We do a good job on behalf of the taxpayer.

Q166 **Chair:** Can I congratulate you for that and ask you whether that expertise was there right from the start or whether, perhaps, you had to build it up over a period of time and learn from mistakes?

Paul Maynard: Maybe I ought to ask the person who has been there a lot longer than me how he thinks it has developed.

Eddie Muraszko: It has built up over time, particularly since the cancellation of the West Coast competition in 2012. The Department is much more professional in its approach than perhaps it was at that point. It is worth saying that the Transport for Wales team includes people who have worked in the Department, so there is that spread of expertise shared down there.

Q167 **Chair:** Taking that on board—and that was the answer I was expecting—can we be confident that the Welsh Assembly Government, when they are handed that power to award that franchise, will have the expertise required to ensure that they too are getting a good deal for the taxpayer when you have just told us that it takes quite a while and quite a few mistakes to develop that level of expertise?

Eddie Muraszko: I believe they have the expertise. It is a growing team down there. I have lots of meetings with them. They are embarking on an ambitious and novel procurement process, there is no doubt, and we will be doing all we can to provide our assistance as we go forward.

Paul Maynard: It is worth observing they have had day-to-day management responsibility since 2006. They have had a decade now to get some idea of how to at least run the railway, and now the franchising aspect is a new element that they will have to add on. As Mr Muraszko says, we will help them as much as we can.

Q168 **Mr Mark Williams:** Last question: Minister, I am hoping we can put this issue to bed at this meeting. We did hear from Mr Skates last week on the geographic scope of the franchise. I think it would be fair to say that some of us who represent constituencies that have benefited from cross-border routes—Aberystwyth to Birmingham International or across the north-east border—were concerned to hear that at some point in the recent past there may have been discussions about more profitable English bits of the franchise ending up as part of English agreements, and in so doing disrupting the current arrangements that have worked well, which have been developed over the last few years.

Mr Skates and the Assembly Government have said now—I think this was

just hot off the press—that they have reached an understanding with the UK Department for Transport that the existing franchise map will remain intact. Is that your understanding of the situation and can we all start celebrating?

Paul Maynard: Railway geography and political geography do not always seem to go together. That is true wherever we are in the UK. It is true that we have no intention of remapping these services because any rail franchise has to be a viable economic unit. It has to meet the needs of passengers, and merely moving bits of line around arbitrarily because of a political boundary I do not think necessarily helps the passengers at all. We are not remapping the franchise. There are some ongoing discussions around how we manage Shrewsbury, Chester and Hereford stations. That does not affect the services that will be passing through them but rather the station management.

Mr Mark Williams: That is good to hear. My constituents will be very relieved to hear that they will not have to disembark at Shrewsbury, nice as that town is, before they head on in whatever direction. Thank you very much.

Chair: Yes, thank you very much indeed, Minister. I do not think there are any further questions. Thank you for answering our questions so succinctly.

Paul Maynard: More than happy to be of service. Thank you.