



House of Commons
Welsh Affairs Committee

Railway Infrastructure in Wales

First Report of Session 2021–22

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to the report*

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Welsh Affairs Committee

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Summary

Railway infrastructure is the backbone of Wales' public transport network and millions of passengers rely on the network for commuting and leisure. Rail is also central to the transportation of goods between Wales, the rest of the UK, and the rest of the world. The network links small towns to our nation's capital, connects Wales to the major cities of Great Britain, and binds together communities that cross the border with England. In the year prior to the pandemic (2019/20) there were 29.9 million rail journeys in Wales.

In December 2020, we decided to investigate the state of rail infrastructure in Wales and examine the steps that need to be taken to improve it. Our inquiry explored how levels of funding for Welsh railway projects are decided, how infrastructure projects and needs are identified, and how the UK and Welsh Governments currently work with one another to manage Wales' rail infrastructure.

Our report covers the following areas:

- i) The case for upgrading rail infrastructure in Wales
- ii) Management of rail infrastructure
- iii) Funding
- iv) The implications of Covid-19

The case for upgrading rail infrastructure in Wales

Over the course of our inquiry witnesses consistently pointed to evidence which identified a need to enhance rail infrastructure in Wales. Arguments put forward for investment ranged from improving line speeds, general performance of the network and the passenger experience to decarbonisation and shifting individuals away from the car and towards public transport.

Our report concludes that there is a strong environmental and economic case for substantially enhancing the rail infrastructure that serves Wales, and the passenger experience of slow services and inadequate stations only underlines the need for an upgraded network. We welcome that, as a first step, the UK Government is acting on Lord Burns' findings by preparing a case to increase speeds on the relief lines that run through the Severn Tunnel.

As our report highlights, a number of potential infrastructure upgrades which have been suggested by witnesses to our inquiry are cross-border in nature. This reflects the importance of cross-border rail connections between England and Wales, and the level of socio-economic integration between communities on either side of the border. Such integration and interconnection is unique within the UK and we conclude that enhancing these connections should be central to the Union Connectivity Review.

Our report also notes the powerful case made by both the South East Wales Transport Commission and the Williams-Shapps White Paper for the role rail and, in particular,

electrification can play in the decarbonisation agenda. We conclude that this underlines how short-sighted and regrettable the decision to cancel the electrification of the Great Western mainline from Cardiff to Swansea was.

Our report calls on the UK Government to bring forward, before the end of 2021, new proposals for greater connectivity between Swansea-Cardiff-Bristol, which would include completing electrification on the mainline between Cardiff and Swansea. We believe that such a set of proposals would be an important sign of the UK Government's commitment to its green agenda and to improving connectivity across the UK.

A number of witnesses to our inquiry suggested that a more joined-up and clearer approach to Wales's infrastructure needs was required in order to unlock investment. Our report recommends that the UK Government should establish, by this Autumn, a Wales Rail Board, consisting of itself, the Welsh Government, Network Rail, the rail operators providing services in Wales, and Transport for Wales. The Board would be tasked with identifying and developing a prioritised set of proposals for rail infrastructure improvement and investment in Wales.

Management of rail infrastructure

The management of railways in Wales is complex. Rail infrastructure and franchising are powers reserved to the UK Government. However, executive responsibility for setting the terms and conditions of, and procuring an operator (Transport for Wales) for, the Welsh rail franchise is devolved to the Welsh Government. While the Welsh Government and Transport for Wales (TfW) became responsible for the Core Valley Lines infrastructure (also referred to as the South Wales Metro) in 2020, the UK Government remains responsible for infrastructure planning and the funding of Network Rail which, in turn, has responsibility for managing the remainder of the public rail network in Wales.

Our report therefore looked at the levels of intergovernmental cooperation between the UK and Welsh governments on managing the rail network in Wales, the operations of Network Rail in Wales, as well as the question of whether there should be any further devolution of rail infrastructure in Wales.

Our report found that there was a generally positive working relationship between both governments. However, we express concern that the UK Government's Rail Network Enhancements Pipeline (RNEP) is too slow and hampers, rather than helps, the evaluation of infrastructure proposals. Our report calls on the UK Government to set out plans to reform RNEP with a view to accelerating the delivery of projects in Wales.

We found that Network Rail's revised structure has helped it to respond more effectively to incidents in Wales, build stronger relationships with Transport for Wales (TfW) and sharpen its focus on Wales and borders services. However, our report warns Network Rail should be alive to concerns that its regional structure will lessen its focus on supporting an all-Wales approach to integrated transport.

On further devolution our report suggests that if clear benefits for both passengers and freight users could be delivered by devolving rail infrastructure to the Welsh Government then the case for further devolution would be compelling. However, we

conclude that few benefits to rail users have been identified and that the benefits of the existing management arrangements are considerable. We also warn that the liabilities associated with rail infrastructure are significant.

However, even if one puts aside the question of affordability and liabilities, there is the issue of how interconnected Wales is with England in terms of rail. The mainline connecting north and south Wales runs through England and cross border routes are vital for commuters and intercity travellers alike. Wales's geography means its rail network depends on infrastructure in England and, wherever responsibility for management resides, the successful delivery of projects would still rely on strong, interdependent relationships between multiple organisations based on both sides of the border. We conclude that it is more important that all parties, including the Department for Transport, Welsh Government, Transport for Wales and Network Rail, come together, under the auspices of the Wales Rail Board we recommended earlier in this report, and develop a shared vision and project pipeline for rail in Wales.

Funding

Our inquiry explored how funding for infrastructure improvements had been allocated to Wales in the past and how the system operates in the present day. We looked at the approach taken by the Treasury to evaluate bids for investment in infrastructure, as well as HS2 and its implications for Wales.

We welcome the changes announced in the 2021 Spending Review which will reform the process by which the Treasury evaluates infrastructure projects, and we stress the importance of the Treasury taking account of a broader range of factors, such as regional economic inequalities and environmental benefits, rather than just benefit cost ratios. We recommend that the evaluation process for rail infrastructure proposals in Wales factors in the UK Government's strategic ambitions to strengthen connections between all parts of the UK.

On HS2, we note that, as rail infrastructure is not devolved to the Welsh Government, beyond the core valleys lines, Wales will not benefit in the same way as Scotland and Northern Ireland from Barnett consequential arising from the project spend. However, we note that the UK Government's own analysis has concluded that HS2 will produce an economic disbenefit for Wales. We recommend that HS2 should be reclassified as an England only project. Using the Barnett formula, Wales' funding settlement should be recalculated to apply an additional allocation based on the funding for HS2 in England. We suggest that such a reclassification would help to ensure that Welsh rail passengers receive the same advantage from investment in HS2 as those in Scotland and Northern Ireland.

However, we also acknowledge that HS2 could yield direct benefits to Welsh rail passengers. We suggest that such benefits could be realised if the HS2 programme in England is accompanied by enhancements to the North Wales mainline. We recommend that the UK Government, working in partnership with the Welsh Government, should prepare a full strategic case for the upgrade and electrification of the North Wales mainline. We believe that consolidating the benefits of HS2 for Wales by reducing journey times within North Wales, increasing freight capacity and improving

connections from Holyhead to the West Coast main line would be consistent with the UK Government's economic and environmental objectives and with the objectives of the Union Connectivity Review.

The implications of Covid-19

Our report notes that COVID-19 has posed an unprecedented challenge to the rail network and rail operators across the UK. Significant investment has been required from governments to keep services operational at a time when many workers have had to work from home as a consequence of the pandemic. While we acknowledge that the medium to longer term implications of the pandemic for work habits are hard to predict at this stage, we conclude that the pandemic has not altered the long-term need to decarbonise, improve air quality and reduce congestion by moving passengers away from cars and towards public transport on key routes such as the corridor between Newport and Cardiff.

We are emphatic that Covid-19 should not be used as a pretext for halting investment which, in the long term, would only further cement the car as the transport mode of choice in Wales. Instead, we argue that this should be an opportunity for the Department for Transport, Welsh Government, Transport for Wales and Network Rail to take stock and consider the role of rail Wales's future transport network. Using the Wales Rail Board we have recommended, this process should:

- establish immediate infrastructure investment priorities;
- consider how passenger services can be improved without inadvertently reducing freight capacity; and
- determine on a route by route basis what improved services will mean for passengers in terms of frequency, speed, and cost.

1 Introduction

1. Railway infrastructure is the backbone of Wales' public transport network and millions of passengers rely on the network for commuting and leisure. Rail is also central to the transportation of goods between Wales, the rest of the UK, and the rest of the world. The network links small towns to our nation's capital, connects Wales to the major cities of Great Britain, and binds together communities that cross the border with England. In the year prior to the pandemic (2019/20) there were 29.9 million rail journeys in Wales.¹

2. Wales' rail infrastructure, however, is a Victorian system trying to support a 21st century level of service and is under substantial strain. Passengers report that services are slow, too unreliable and run from stations with inadequate facilities. Little is more symbolic of the state of much of Wales' infrastructure than Pacer trains, a relic of the 1980s, still operating in 2021. While improvements have been made, enhancement projects have often been slow, piecemeal and subject to uncertainty and cancellation.² Rail spending in Wales tends to focus on patching up the existing network rather than transforming the system.³

3. In December 2020, we decided to investigate the state of rail infrastructure in Wales and examine the steps that need to be taken to improve it. Our inquiry explored how levels of funding for Welsh railway projects are decided, how infrastructure projects and needs are identified, and how the UK and Welsh Governments currently work with one another to manage Wales' rail infrastructure.

4. To inform our work we took evidence from academic and industry experts, industry representatives, rail operators, as well as UK and Welsh Government ministers. We also received written evidence submissions from groups advocating the benefits of rail infrastructure investment, and we would like to thank everyone that contributed to our inquiry. A full list of those who have provided oral and written evidence can be found at the end of this report.

5. Our report begins, in chapter 2, with an evaluation of the case for upgrading rail infrastructure in Wales. Chapter 3 explores the management of rail the, relationship between the UK and Welsh Governments, and how Network Rail has structured its work to ensure a sufficient focus on Wales. In chapter 4 we review the level of historic funding Wales has received, examine the case for greater funding and discuss the implications for Wales of HS2. Finally, chapter 5, outlines the financial impact of Covid-19 and explores how demand for rail services in the future might evolve.

6. In May 2021, after we had finished our formal evidence gathering, the UK Government published the Williams-Shapps Plan for Rail.⁴ Keith Williams was asked by the Government to "conduct a root-and-branch review of the railways after a chaotic timetable change in May 2018".⁵ He completed his work in early 2020 but the process was extended to account for the consequences of the Covid-19 pandemic. We have not yet had an opportunity to scrutinise the Williams-Shapps review's implications for Wales'

1 StatsWales, [Rail passenger journeys to, from or within Wales and total journeys in Great Britain by year](#)

2 The North Wales and Mersey Dee Rail Task Force "Growth Track 360" (GT360) ([RIW0010](#))

3 Wales Governance Centre, Cardiff University ([RIW0019](#))

4 Department for Transport, The Williams-Shapps Plan for Rail, CP 423, May 2021

5 Ibid, p 18

rail infrastructure, but we recognise that the Department for Transport's new plan for the management and operation of Britain's railways could have a profound effect on passengers in Wales.

2 The case for upgrading rail infrastructure in Wales

Improving performance and passenger experience

7. Over the course of our inquiry witnesses consistently pointed to evidence which identified a need to enhance rail infrastructure in Wales. Line speeds, for example, were highlighted by James Price, CEO of Transport for Wales, who noted that that average line speeds in Wales are slower than elsewhere in the UK, and Professor Stuart Cole CBE, Emeritus Professor of Transport, University of South Wales, highlighted the Great Western mainline where average line speeds fall sharply as the route progresses westwards from Cardiff.⁶

8. The Great Western mainline has been the subject of an investment of around £2.8 billion in electrifying the line between London and Cardiff. Electrification was originally intended to run all the way to Swansea, but in 2017 the UK Government announced the cancellation of the Cardiff to Swansea leg.⁷ The decision to cancel the Cardiff to Swansea leg was criticised by our predecessor Committee in 2018.⁸

9. The Rail Industry Association (RIA) summarised the case for investing in Wales' rail infrastructure on the basis of long-term strategic ambitions. They said “[r]ail projects support investment in all regions and nations” and help to support “the [UK] Government’s ‘levelling up’ agenda”.⁹ Addressing the UK Government’s greenhouse gas reduction ambitions, the RIA made the case that “investing in rail will ensure the economic recovery is also an environmentally beneficial one”.¹⁰ The Wales Governance Centre, based at Cardiff University, concluded that increasing investment in rail infrastructure would reduce average maintenance costs and journey times and “promote economic growth and productivity”.¹¹

10. Perhaps the most compelling arguments, however, for substantial upgrades to Wales' rail infrastructure were made by Transport Focus who told us how passengers in Wales perceive the network. They said passengers “characterised the infrastructure as outdated and in need of investment” and trains “were seen as being old-fashioned, poorly maintained and dirty, with limited capacity”.¹²

11. In their 2019 paper, *A Railway for Wales: meeting the needs of future generations*, the Welsh Government said that many areas of Wales continue to suffer from “infrequent services, unreliable infrastructure, and indirect routes”. The Welsh Government called for a strategic programme of changes to meet the needs of Welsh passengers, including:

- Re-opening railway lines

6 [Q41](#); Professor Stuart Cole CBE (Emeritus Professor of Transport (Economics and Policy) at University of South Wales) ([RIW0002](#))

7 S. Barry (19 March 2020). [Final bill for electrifying the Great Western Mainline from South Wales to London £2bn over original budget](#), *Business Live*

8 Welsh Affairs Committee (21 May 2018). [The cancellation of rail electrification in South Wales](#), First Report of Session 2017–19, HC 403

9 Railway Industry Association ([RIW0015](#))

10 Railway Industry Association ([RIW0015](#))

11 Wales Governance Centre, Cardiff University ([RIW0019](#))

12 Transport Focus ([RIW0011](#))

- Upgrade of south and north Wales mainlines
- New routes
- New stations across the network.¹³

12. We received suggestions for rail infrastructure projects which could be undertaken in Wales by witnesses including Professor Mark Barry, Professor of Practice in Connectivity, Cardiff University, and Professor Stuart Cole CBE, Emeritus Professor of Transport, University of South Wales. In summary, suggested projects relating to increased line speed, electrification and greater capacity (including new stations) include:

Table 1: Suggested infrastructure enhancement projects

South Wales	North Wales	Mid Wales	Rail freight
Electrification of the south Wales main Line running from Severn Tunnel Junction to Swansea	Electrification of the north Wales main line running from Crewe to Holyhead	Additional passing loops on the Cambrian Line (to Aberystwyth)	New rail freight interchange at Llanwern with connections to Holyhead and Port Talbot
Core Valley Lines electrification	Chester–Wrexham and integration with Merseyrail	Heart of Wales Line	Electrification of Newport—Birmingham freight route (via Severn Tunnel, Chepstow and Gloucester)
Cardiff Central (additional platforms)			Gauge clearance on ports routes to allow conveyance of shipping containers
Ebbw Vale line			Gauge enhancement and line speed improvements to Swansea, including Margam Yard
Swansea Bay Metro			Increased capacity on the Marches line

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13. Our witnesses also highlighted routes where there appeared to be a significant case for upgrading the existing infrastructure. For example, Julian Glover, former special adviser at the Department for Transport (DfT) told us that “it clearly is not acceptable that [...] the North Wales main line is still far too slow and diesel-run and does not carry any freight”.¹⁵ Professor Barry said that there were routes where services were insufficient to manage demand, for example the Bristol Temple Meads to Cardiff route. According to Professor Barry, this route has only two trains per-hour despite the fact that “Network

13 Welsh Government (2019), A Railway for Wales: meeting the needs of future generations

14 See: Mark Barry (Professor of Practice in Connectivity at Cardiff University, School of Geography and Planning) ([RIW0001](#)), Professor Stuart Cole CBE (Emeritus Professor of Transport (Economics and Policy) at University of South Wales) ([RIW0002](#)), Chartered Institute of Logistics and Transport (CILT) ([RIW0013](#)),

15 [Q15](#)

Rail, in its long-term planning, identified the demand between Bristol and Cardiff” as being approximately “80% of that between Leeds and Manchester, which already has six trains an hour”.¹⁶

14. We heard that investment in Wales’ infrastructure could be the catalyst for significant growth in rail use. Professor Barry made the case that, looking at transport from a commercial perspective, there is an opportunity to increase rail’s market share as car use represents 80% of passenger transport and “the rail network in Wales is carrying single-digit percentages”.¹⁷ Professor Cole said at that moment in time rail in the Cardiff area was carrying 2% of commuters as compared to 70% by rail in London.¹⁸

15. However, we also discussed with witnesses the possible implications for public transport systems, such as rail, of increased home working permanently changing commuting patterns. James Price expressed optimism that opportunities for growth for rail remain:

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.¹⁹

16. In terms of how Wales could most effectively make the case to the UK Government and HM Treasury for more rail investment, James Price suggested that greater clarity and harmony was needed from Welsh stakeholders. According to Mr Price, previous scenarios where separate organisations within Wales advocated differing infrastructure projects may have contributed to the UK Government not prioritising Welsh schemes. Instead, he recommended that all parties involved in the process should be “clearer about the ask”, with stakeholders being “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”.²⁰

17. Julian Glover similarly made the case that there must be a shared vision of what the transport system is supposed to achieve and that this must be presented with ambition, clarity and unity.²¹ He cautioned, however, that ‘fair share’ arguments based on how much funding is allocated elsewhere in the UK would fall on deaf ears.²²

18. David T.C. Davies MP, Parliamentary Under-Secretary of State for Wales, told us that there are “two reasons for going ahead with rail infrastructure”, firstly to “to improve the service for passengers” and, secondly, to reduce greenhouse gas emissions.²³ Summarising the UK Government’s rail infrastructure priorities for Wales, Mr Davies told us that the final business case for the south Wales relief line will “hopefully be approved” in November 2021 and an outline business case for the Crewe to Holyhead line “will hopefully be

16 [Q15](#)

17 [Q19](#)

18 [Q19](#)

19 [Q35](#)

20 [Q39](#)

21 [Q15](#)

22 [Q15](#)

23 [Q142](#)

completed in early 2022.²⁴ The Minister concluded that previous infrastructure projects had failed because they did not represent good value for money, but suggested that the two projects he had highlighted would help the UK Government achieve “the most bang for our buck”.²⁵

Decarbonisation

19. The conclusions of the South East Wales Transport Commission, chaired by Lord Burns (the Burns review), demonstrated that upgrading rail infrastructure would be the foundation for cutting greenhouse gas emissions, reducing congestion, and improving air quality in the Newport–Cardiff M4 commuter corridor.²⁶ The Commission took a strategic approach which examined how enhanced rail infrastructure and services could be coordinated with bus services and cycle routes to create the conditions by which people would be prepared to swap cars for other forms of transport. The Burns Review recommended a ‘network of alternatives’ [to car use], including integrated ticketing and the following infrastructure developments:

- Create a new South East Wales ‘rail backbone’ by significantly increasing the capacity and flexibility of the South Wales Main Line
- Transform access to the rail network by increasing the number of stations between Cardiff and the River Severn from three to nine
- Create new rapid bus and commuter cycle corridors across Cardiff and Newport, connecting to the rail backbone and Cardiff Council’s public transport proposals
- Establish a ‘hub and spoke’ network of bus and cycle corridors within Newport city.

20. According to the Burns Review’s final report, if implemented their recommendations would result in over 90% of people living in Cardiff and Newport living within one mile of a rail station or rapid bus corridor. As a result, if such a system were designed and operated effectively, it could “support a meaningful and sustained modal shift from the car to public transport and active travel”. The Burns Review suggested that such a shift would bring “many wider benefits beyond congestion; for the environment, for public health, and for fair access to transport—all of which further Wales’ well-being goals”.²⁷

21. The Federation of Small Business Wales (FSB) endorsed the findings of the Burns review telling us that “empirical data has demonstrated the necessity for the development of rail and new stations on the Cardiff-Bristol route”.²⁸ They said that commuter corridors “such as the M4 in South Wales, are causing unnecessary pollution and congestion” and contested that if the UK Government is to achieve “its net zero emissions target it needs to invest in a comprehensive rail network”.²⁹

24 [Q142](#)

25 [Q142](#)

26 South East Wales Transport Commission (November 2020), [Final Recommendations](#)

27 South East Wales Transport Commission (November 2020), [Final Recommendations](#), p.3–4

28 Federation of Small Businesses Wales ([RIW0006](#))

29 Federation of Small Businesses Wales ([RIW0006](#))

22. Discussing the potential for decarbonisation of the railways, Sir Peter Hendy, Chair of the Union Connectivity Review, and Chair of Network Rail, said the principal methodology would be electrification. Sir Peter told us that electrification would need to be “cheaper than maybe anybody has done it before” but that a programme was required.³⁰

23. Historically in the UK, there have been periods of large-scale investment in electrification followed by long periods of inactivity. In comparison, Germany has had a steady rolling programme of rail electrification which has enabled them to deliver electrification at £450k/stk (single track kilometre), whereas problem projects (such as the Great Western Electrification programme) in the UK have cost between £2m and £2.5m/stk. Giving evidence to the Transport Committee in December 2020, Chris Heaton-Harris MP, Minister of State for Transport, said that Network Rail had learned the lessons of previous failures and cost overruns and he was hopeful that the UK Government could “maintain the downward trajectory” of the cost of electrification per kilometre.³¹

24. In November 2020, Chris Heaton-Harris told the Rail Industry Association annual conference that electrification sat “very nicely with the [UK] Government’s green agenda” adding that the UK Government wants “to decarbonise, and electrification is going to have a massive part to play in that”.³² Commenting on the potential of other technologies such as hydrogen and battery to contribute to decarbonisation of Wales’ rail infrastructure, Mr Heaton-Harris said that “you cannot hold back on investment because you are waiting for something better all the time”.³³ This analysis tallied with the findings of the House of Commons Transport Committee which concluded in its March 2021 report, *Trains fit for the future?*, that hydrogen (and also battery power) “have limitations in that neither can deliver the energy demands required for high-speed rail and freight services”.³⁴

25. Network Rail has concluded that 76% of the available unelectrified track in Great Britain should be electrified.³⁵ Making the case for further electrification the Williams-Shapps White Paper concluded that [t]here are huge opportunities for rail to contribute further to cutting transport emissions, including through further electrification.³⁶ The White Paper said that electrification is “likely to be the main way of decarbonising the majority of the network” and that it “does not merely decarbonise existing rail journeys”, but attracts “new passengers and freight customers to rail, the so-called ‘sparks effect’, thereby decarbonising journeys that would otherwise have been by road”.³⁷

26. To meet its Net Zero by 2050 targets, the Welsh Government has been advised by the Climate Change Committee that a 63% reduction in emissions will be required by 2030, further strengthening the environmental case for electrification.³⁸ Similarly, if public transport is to both be enhanced westwards, e.g. with a Swansea-West Wales Metro/main line, and decarbonised then this could increase passenger volumes and economic value. We also note that the Welsh Government has announced a review of new road building projects.³⁹

30 [Q102](#)

31 Transport Committee, transcript of oral evidence, 9 December 2020, HC 876, Q 140, Q 145

32 RailStaff, [RIA Annual Conference—successful second day](#), 6 November 2020

33 [Q181](#)

34 House of Commons Transport Committee, *Trains fit for the future?*, Sixth Report of Session 2019–21, HC 876, March 2021, para 78

35 Network Rail, [Traction Decarbonisation Network Strategy—Interim Programme Business Case](#), September 2020

36 Williams-Shapps review, DfT, 2021, p 88

37 Williams-Shapps review, DfT, 2021, p 88

38 [Welsh Government Written Statement: Wales’ pathway to achieve net zero emissions](#), 9 February 2021

39 [Oral statement: Roads Review, Senedd Plenary: 22 June 2021](#)

Union Connectivity Review

27. In June 2020, the Prime Minister announced that a review would be undertaken to explore “ways to improve connectivity between our 4 nations and bring forward funding to accelerate infrastructure projects”.⁴⁰ In October 2020, the UK Government announced that Sir Peter Hendy would chair the Union Connectivity Review, and published the review’s terms of reference. According to the UK Government, the review would “make recommendations on how the UK government can level up transport infrastructure and improve connectivity between Scotland, Wales, Northern Ireland and England” and would cover “road, rail, air and sea links”. There would be a particular focus on how these connections could be improved “to fuel the UK’s recovery from the COVID-19 pandemic”.⁴¹

28. When asked about the Prime Minister’s commitment to the review and intention to implement its findings, Chris Heaton-Harris MP emphasized the importance of the levelling up and infrastructure promises made by the Prime Minister during the 2019 General Election campaign and told us that the Prime Minister had left him “in no doubt whatsoever that I will be judged on my ability—and the Secretary of State will be judged on his ability—to deliver on those promises”.⁴²

29. Professor Mark Barry identified the importance of localised cross-border infrastructure upgrades, highlighting upgrades to the Wrexham-Bidston line as “a vital opportunity to enhance the local cross border economy and reduce car dependency”.⁴³ Growth Track 360, which advocates infrastructure upgrades on routes connecting north east Wales, Merseyside, and Cheshire, highlighted 28,000 cross-border journeys each day in their region.⁴⁴

30. The Union Connectivity Review’s interim report, published in March 2021, highlighted Welsh rail routes, emphasised the extent of daily cross-border travel between England and Wales, and noted the importance of connections to Holyhead and freight transport across the Irish Sea (a matter also highlighted by the Williams-Shapps White Paper).⁴⁵ Furthermore, Sir Peter Hendy’s interim report set out Wales comparatively low rates of productivity and GDP and, in this context, made the case for infrastructure investment:

Improved transport connectivity can increase GDP per head in local areas in several ways. For example, improved transport links improve the accessibility of goods and services which can reduce transport costs for businesses. As a result, costs of production decrease, allowing more goods and services to be produced more cheaply. Therefore, businesses in the area can increase their market share and competitiveness.⁴⁶

31. Discussing the development of the review, Sir Peter said that he was likely to suggest ideas which would replicate the concept of the European Union’s Trans-European

40 UK Government, [Regions across England to benefit from transport funding boost](#), 30 June 2020

41 UK Government, [Union Connectivity Review](#), 5 October 2020

42 [Q177](#)

43 Mark Barry (Professor of Practice in Connectivity at Cardiff University, School of Geography and Planning) ([RIW0001](#))

44 The North Wales and Mersey Dee Rail Task Force “Growth Track 360” (GT360) ([RIW0010](#)), para 7

45 UCR, p 18, p 26, Williams-Shapps review, DfT, 2021, p 25

46 UCR, p 39

Transport network⁴⁷ in the UK.⁴⁸ Sir Peter explained that establishing a network focused on connecting the Union would need to navigate differing devolution arrangements, but that cooperation with Ken Skates MS, then Minister for Transport, Economy and North Wales, had been positive.⁴⁹ In his evidence to the Committee, Mr Skates was also positive about the potential for the review, emphasising the opportunity to encourage the Treasury to support the recommendations of the Burns review.⁵⁰ Mr Skates also suggested that rail infrastructure would feature particularly prominently within the Union Connectivity Review because “around a third of journeys on the Wales and Borders rail service are cross-border journeys and the network is a cross-border network”.⁵¹

32. The Wales Governance Centre (WGC) told us that the connections of most significance in terms of cross-border travel are “between north-east Wales and north-west England” and the Marches line because the Welsh Government has an interest in “connectivity to and from Shrewsbury”.⁵² For example, the WGC highlighted “the decision by successive Welsh administrations to commit resources to fund cross-border schemes, including the £40m Wrexham-Chester redoubling, and the commitment to upgrading the Wrexham North Junction”.⁵³

33. During his appearance before the Committee, David T.C. Davies MP told us he expected Lord Burn’s conclusions to be “reflected in the final Union connectivity review report”, he also highlighted the “very strong argument for bringing about [...] improvements on the rail service between Cardiff and Bristol”.⁵⁴

Conclusions

34. There is a strong environmental and economic case for substantially enhancing the rail infrastructure that serves Wales, and the passenger experience of slow services and inadequate stations only underlines the need for an upgraded network. The South East Wales Transport Commission, chaired by Lord Burns, demonstrated the relationship between enhanced rail infrastructure, integrated public transport, decarbonisation and, ultimately, improved quality of life. Lord Burns’ commission made a convincing case for significant investment in the key route from Cardiff to Bristol as a means of reducing greenhouse gas emissions and driving a shift from car use to public transport. It is welcome that as a first step the UK Government is acting on Lord Burns’ findings by preparing a case to increase speeds on the relief lines that run through the Severn Tunnel.

35. Improving transport infrastructure within Wales must be a priority and should focus on how infrastructure initiatives can remedy deprivation, boost the Welsh

47 The Trans-European Transport Network (TEN-T) policy addresses the implementation and development of a Europe-wide network of railway lines, roads, inland waterways, maritime shipping routes, ports, airports and railroad terminals. According to the European Commission, the ultimate objective is to close gaps, remove bottlenecks and technical barriers, as well as to strengthen social, economic and territorial cohesion in the EU.

48 [Q82](#)

49 [Q87](#)

50 [Q107](#)

51 [Q106](#)

52 Wales Governance Centre, Cardiff University ([RIW0019](#))

53 Wales Governance Centre, Cardiff University ([RIW0019](#))

54 [Q143](#)

economy and contribute to meeting decarbonisation targets. Enhancements should include a focus on improving connectivity within Wales, such as more efficient rail links between North and South Wales, as well as between Wales and the rest of the UK.

36. A number of potential infrastructure upgrades suggested by witnesses to our inquiry are cross-border in nature, reflecting the relatively short distance between key urban areas such as Cardiff and Bristol in South Wales and Wrexham and Merseyside in the North East. The cross-border rail connections between England and Wales, and the level of socio-economic integration between border communities in Wales and England, is unique within the UK and enhancing these connections should be central to the Union Connectivity Review.

37. The Union Connectivity Review represents a significant opportunity to establish priorities for rail infrastructure which will not only support economic development and decarbonisation in Wales, but improve the experience of those passengers for whom cross-border travel is simply local commuting. The UK Government was elected on the basis of a clear commitment to infrastructure investment and its response to Sir Peter Hendy's final report will be an early test of that commitment. It is critical that a complementary approach is adopted by the UK and Welsh governments in the development of Welsh rail projects.

38. The Williams-Shapps White Paper sets out comprehensive reform of the British rail network and makes a strong case for electrification as the main mechanism for decarbonising rail travel. The Government's analysis and commitment to technological upgrades is welcome and the Wales Office must ensure that key routes in Wales are considered in this context.

39. Both the South East Wales Transport Commission and the Williams-Shapps White Paper make a powerful case for the role rail, and in particular electrification, can play in the decarbonisation agenda. It underlines how short-sighted and regrettable the decision to cancel the electrification of the Great Western mainline from Cardiff to Swansea was, as well as the potential value in economic and ecological terms of investing in greater connectivity between Swansea-Cardiff-Bristol.

40. *Bringing forward new proposals for greater connectivity between Swansea-Cardiff-Bristol, which would include completing electrification on the mainline between Cardiff and Swansea and a Swansea Bay Metro to integrate the public transport network westwards to Pembrokeshire and Carmarthenshire and feed rail patronage from Swansea, would be an important sign of the UK Government's commitment to its green agenda and to improving connectivity across the UK. We call on the UK Government to produce draft proposals before the end of 2021.*

41. A number of witnesses to our inquiry suggested that a more joined-up and clearer approach to Wales's infrastructure needs was required in order to unlock investment. *We therefore recommend that the UK Government should establish a Wales Rail Board, consisting of itself, the Welsh Government, Network Rail, the rail operators providing services in Wales, and Transport for Wales. The Board would be tasked with identifying and developing a prioritised set of proposals for rail infrastructure improvement and investment in Wales. The Board should be established, with its membership and terms of reference published, by this Autumn.*

3 Management of rail infrastructure

42. The management of railways in Wales is complex. Rail infrastructure and franchising are powers reserved to the UK Government. However, executive responsibility for setting the terms and conditions of, and procuring an operator (Transport for Wales) for, the Welsh rail franchise is devolved to the Welsh Government. In addition, the Welsh Government and Transport for Wales (TfW) became responsible for the Core Valley Lines infrastructure (also referred to as the South Wales Metro) in 2020. The UK Government, however, remains responsible for infrastructure planning and funding of Network Rail which has responsibility for managing the remainder of the public rail network in Wales.

43. The Williams-Shapps White Paper proposes that Network Rail be absorbed into a new public body, Great British Railways (GBR), which will own and manage the network as well as setting fares and drawing up timetables. We do not yet know the precise implications for Wales of this plan, but the UK Government's White Paper said that the devolved government in Wales would continue to exercise its powers in relation to rail.⁵⁵ As an example, the White Paper said that the devolved governments would continue to contract for services and set their own fares.⁵⁶

Intergovernmental co-operation

44. Given the division of responsibilities within the devolution settlement, the relationship between the UK and Welsh Governments is central to the efficient management of Wales' rail infrastructure. The Department for Transport (DfT) told us that there is "extensive and effective cooperation between the two governments" and that Ministers from both the administrations are in regular contact.⁵⁷ Describing the working relationship that exists at official level, the DfT highlighted structures which bring together the UK Government, Welsh Government and Network Rail (NR):

At senior official level a regular Transport Director's Strategic Forum brings together directors within DfT, the Welsh Government, Transport for Wales (TfW), and NR to set the strategic direction for the development and progression of rail enhancements.

DfT and NR are represented on the three regional Metro Development Strategy Boards in Wales, which steer the implementation of Welsh Government's strategic objectives.

The Welsh Government and TfW are active members of the Great Western & Wales Programme Board, which serves to ensure successful delivery of projects and programmes, that business case benefits are realised, that strategic decisions are made in an efficient and timely manner, and to arbitrate between conflicting programme and/or stakeholder requirements.⁵⁸

45. Bill Kelly, Route Director Wales & Borders at Network Rail, felt that at official level, and "away from the cut and thrust of politics", the UK and Welsh governments "often work

55 Williams-Shapps review, DfT, May 2021, p 25, p 30

56 Williams-Shapps review, DfT, May 2021, p 41

57 Department for Transport ([RIW0018](#))

58 Department for Transport ([RIW0018](#))

together very well”, referring to the “successful transfer” of the Core Valley Lines. He told us that there is “lively political debate” between both governments, but that Network Rail had a good working relationship with the Welsh Government and TfW, and regularly met with Ken Skates MS and his officials. To deliver “the best possible outcome for passengers”, Bill Kelly said that Network Rail informs the Welsh Government and TfW “of our plans, what we are working on and what we hope to be working on in future” and ensures that Network rail also “understands their aspirations for the future”.⁵⁹

46. Ken Skates MS echoed these remarks and highlighted the positive nature of the relationship between the Welsh Government and the Department for Transport. “Based on the feedback that I get from my officials”, Mr Skates said that “the relationship between the Welsh Government and DfT at an official level is better than it has ever been”.⁶⁰ This, Mr Skates said, was replicated at a political level where there is a strong relationship “between myself, the Secretary of State and other Ministers within the Department”.⁶¹

47. However, a theme of Mr Skates’s evidence was that the mindset and culture of the Treasury makes accessing funding for infrastructure projects difficult. He said that both the DfT and Welsh Government face a challenge in persuading the Treasury to fund Welsh infrastructure projects because “the mentality within the Treasury is very different to the mentality of officials and political leaders within the Department for Transport”.⁶² Chris Heaton-Harris MP suggested that DfT and Welsh ministers occasionally worked together to “shake down the Treasury”, although David T.C. Davies MP highlighted the “positive tension between spending departments and the Treasury”.⁶³ Mr Davies said the Treasury do “a very good job in asking the correct questions to ensure that taxpayers’ money is being spent fairly and correctly with good value for money across the board”.⁶⁴

48. James Price, CEO of TfW, observed that despite the rail network outside the Core Valley Lines being the responsibility of the UK Government and Network Rail, the Welsh Government has the capacity to invest in rail projects. He referred to the Ebbw Vale line and the line passing Cardiff airport as examples of “two big top-up schemes” by the Welsh Government but added that responsibilities are “blurred” when the Welsh Government decide to invest in rail schemes “because they cannot wait, or it is more important, so they will invest in a UK Government piece of infrastructure”.⁶⁵ Bill Kelly said that Network Rail had learned that they and TfW need “to make joint representation to DfT on projects—be they enhancements, renewals or upgrades—for the benefit of passengers across the network”.⁶⁶

Rail Network Enhancements Pipeline (RNEP)

49. In March 2018, the UK Government announced the rail network enhancements pipeline (RNEP), with the RNEP changing the approach for projects that require central government funding. The UK Government said that this approach would create a rolling programme of investment, focused on delivering benefits for passengers, freight users and

59 [Q37](#)

60 [Q110](#)

61 [Q110](#)

62 [Q110](#)

63 [Q148](#)

64 [Q148](#)

65 [Q40](#)

66 [Q25](#)

the economy and changing the previous five-year cycle of investment. The DfT said RNEP is “used to plan and assure enhancements based on considerations of affordability and represent the best use of funding available”, adding that the process will “hold Network Rail to account in a client/delivery agent relationship”.⁶⁷

50. In response, Ken Skates MS published a statement agreeing to engage with the new approach to secure investment in Welsh rail infrastructure. He added that “progress has been very slow” in relation to the investment process and that the DfT’s current enhancements pipeline process had not “served Wales well”.⁶⁸

51. Simon Jones, Director Economic Infrastructure at the Welsh Government, said the RNEP is used by the DfT to satisfy the Treasury, but is hampered by slow decision making with multiple stages requiring sign off.⁶⁹ Mr Jones told us that a project “from beginning to end, takes many, many years because of the bureaucracy” and explained that making “progress on developing any infrastructure proposals” is difficult because

[e]ven something as relatively straightforward as providing funding for some feasibility studies or a business case for a few hundred thousand pounds can take many, many months to approve.⁷⁰

52. James Price said that RNEP has altered the way in which TfW, the Welsh Government and Network Rail work together in order to progress infrastructure projects through the new “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.⁷¹

53. Chris Heaton-Harris MP told us that the RNEP had some valid aspects to it but was very critical of the overall process. He said RNEP “has too many steps, and each of those steps takes too long” and commented that if “it could work efficiently, it would deliver everything that you and I would want, but it doesn’t”.⁷² The Minister did, however, say that work was being undertaken both within the DfT and also at 10 Downing Street to review RNEP with a view to streamlining the process.⁷³

Network rail

54. Some changes to the local organisation of rail infrastructure management have already been introduced. Network Rail has established a devolved structure, with Wales as part of ‘Wales & Western region’. Discussing the devolved structure of ‘Wales and Western’ within Network Rail, Bill Kelly said that responsibility for infrastructure projects and support functions that were previously centralised at Network Rail “are now much closer

67 Department for Transport ([RIW0018](#)), p 1

68 Senedd Research, [The future of railways in Wales](#), 31 January 2019

69 [Q111](#)

70 [Q111](#)

71 [Q25](#)

72 [Q174](#)

73 [Q174](#)

to the routes than they have ever been before”.⁷⁴ According to Mr Kelly, Network Rail can now act with speed and more autonomy “and it allows us to draw on more resources more quickly when we need them”.⁷⁵

55. Growth Track 360 expressed concern that the Wales route is within a regional structure “which reaches as far east as London Paddington and as far south as Penzance” which “contrasts with the position in Scotland where the Route and the Region are coterminous”.⁷⁶ Julian Glover, however, observed that investment on the route from London Paddington has directly benefited services running to south Wales.⁷⁷ The Civil Engineering Contractors Association Wales (CECA) welcomed the introduction of a regional structure but were concerned that “this arrangement is unhelpful in developing an all-Wales approach to integrated transport”.⁷⁸

56. Simon Jones from the Welsh Government, however, highlighted limitations to their relationship with Network Rail, observing that because responsibility for rail infrastructure is not devolved to the Welsh Government they are unable to directly intervene in the delivery of projects.⁷⁹ Mr Jones said the Welsh Government’s inability “to contract with Network Rail properly” had resulted in increased costs, delays, and reduced benefits from a project that was designed to improve connections between north and south Wales.⁸⁰

57. It is possible that the Williams-Shapps White Paper could alter how TfW and Great British Railways interact, although the review said that GBR would initially maintain Network Rail’s regional structure.⁸¹ The White Paper did, however, suggest that the Government would like to establish new working arrangements between TfW and GBR:

A joint working agreement between Transport for Wales and Great British Railways will be explored to improve the rail offer for passengers and freight customers in the connected network between Wales, the West Midlands and the West of England. This agreement would need to be negotiated between the UK and Welsh governments, building on existing Wales and Borders agreements for rail services.⁸²

Devolution of rail infrastructure

58. In 2019, the Welsh Government published a report, *A Railway for Wales: meeting the needs of future generations*, that made the case for full devolution of rail infrastructure.⁸³ Full devolution would mean complete control and ownership of infrastructure and assets and responsibility for funding.

59. In September 2020, Ken Skates MS called on the UK Government to fully devolve rail matters to Wales and deliver a “fair funding settlement” to improve rail networks in Wales. Mr Skates claimed that further devolution would result in increased “investment in

74 [Q32](#)

75 [Q32](#)

76 The North Wales and Mersey Dee Rail Task Force “Growth Track 360” (GT360) ([RIW0010](#))

77 [Q2](#)

78 Civil Engineering Contractors Association (CECA) Wales ([RIW0009](#))

79 [Q113](#)

80 [Q113](#)

81 Williams-Shapps review, DfT, May 2021, p 41

82 Williams-Shapps review, DfT, May 2021, p 42

83 Welsh Government, *A Railway for Wales: meeting the needs of future generations*, March 2019

those parts of Wales that have not seen rail infrastructure enhancements in recent years, primarily places that are more remote”.⁸⁴ He also suggested that infrastructure projects could be decided “on the basis of more than just a benefit-cost ratio” (an issue we consider in the following chapter) and schemes could be appraised “in alignment with the Well-being of Future Generations Act” and “on the basis of WelTAG—the Welsh transport appraisal guidance tool”.⁸⁵

60. Analysis by the Wales Governance Centre emphasised the historical financial advantage that could have been realised under a devolved model. Had the Welsh Government enjoyed full devolution between 2011–12 and 2019–20, the WGC said “Wales would have benefitted from an additional £514 million of spending under a devolved system”.⁸⁶ Looking to the future, the WGC made the case that changes made in 2020 to the way the Treasury determines funding for the Welsh Government (the comparability factor) strengthened the financial case for devolution.⁸⁷ The change in comparability factor is particularly pertinent when considering the implications of spending on HS2, an issue we explore further in the following chapter.

61. Sir Peter Hendy warned, however, that devolving responsibility for infrastructure would not mean that the Welsh Government could simply inherit a useable and valuable asset. He said that the Victorian rail system is, in reality, a considerable liability that “wasn’t maintained well for most of the period between the end of the first world war and probably 10 or 15 years ago”.⁸⁸ Sir Peter said that “other than in a political sense” one would have to question “why you would want to get hold of this thing and what you would do if you had it”.⁸⁹

62. As an example of the challenge of managing infrastructure, Sir Peter highlighted the Conwy Valley line where £17 million had been spent by Network Rail “in the last three or four years in rebuilding that railway after a series of very difficult flooding events”.⁹⁰ Sir Peter said that ownership of infrastructure is “by and large a secondary consideration” and of most importance is that “the people entrusted with it have enough money to maintain it, upgrade it and run it safely”.⁹¹

63. Despite backing full devolution of infrastructure and finance, Professor Roderick Smith of Imperial College, noted that “there is a benefit in scale” and said that maintaining a relationship with Network Rail would be necessary in order for their specialised equipment and expertise to be utilised.⁹² The Williams-Shapps White Paper said that devolved governments working with GBR would “improve joint working on issues such as managing specialist or scarce technology and skills”.⁹³

64. Sir Peter Hendy told us that Network Rail’s ability to respond to major incidents was a result of their status as “a national infrastructure company” which has a sufficient

84 [Q116](#)

85 [Q116](#)

86 Wales Governance Centre, Cardiff University ([RIW0019](#))

87 Wales Governance Centre, Cardiff University ([RIW0019](#))

88 [Q90](#)

89 [Q90](#)

90 [Q90](#)

91 [Q90](#)

92 Professor Roderick A Smith (Emeritus Professor at Imperial College London) ([RIW0014](#))

93 Williams-Shapps review, DfT, May 2021, p 42

budget to address these problems throughout Great Britain.⁹⁴ Reflecting Sir Peter Hendy’s comments, the TSSA trade union said they do not support full devolution because economies of scale can be achieved by Network Rail “in its procurement of supplies, when letting contracts for its renewals and enhancements work and when dealing with emergencies like embankment subsidence”.⁹⁵

65. However, CECA, which supports the devolution of rail infrastructure to the Welsh Government, said that devolution in Scotland had improved the delivery of infrastructure projects. This was, they argued, because the Scottish Government has pursued a “more locally based approach to investment decisions” which they said had “resulted in more cost effective [...] schemes being delivered”.⁹⁶

66. Transport Focus agreed that devolution of infrastructure in Scotland may have led to “an increased focus and delivery on infrastructure projects that deliver passenger benefits” and highlighted a range of schemes which meet a set of principles and objectives established by the Scottish Government.⁹⁷ However, they suggested that the potential benefits of devolution to Wales could be limited because the “nature of the border and the infrastructure is different and far less self-contained in Wales than it is in Scotland”. They concluded that, compared to Scotland, “there is far greater interaction and crossing the border with England” and further devolution “would not resolve this and it will inevitably remain an area where co-ordination and collaboration are crucial”.⁹⁸

67. Despite advocating the benefits of devolution, the Chartered Institute of Logistics and Transport Wales’ (CILT) evidence also highlighted the potential complexity that could develop if infrastructure was devolved.⁹⁹ They noted the potential for conflicts of interest should TfW be the main operator and network manager and said that special arrangements would need to be put in place for the cross-border Marches line.¹⁰⁰ Julian Glover, former special adviser at the Department for Transport, warned that integration of infrastructure and funding in Wales could risk fragmenting the cross-border network which connects north and south Wales.¹⁰¹

68. Rail Freight Group, a representative body for rail freight in the UK, said that the case for devolution is “often weaker” for freight flows as they are most often “pan regional, national and indeed global”.¹⁰² They said any further devolution of rail infrastructure “must therefore be within a framework that allows freight operators to continue with a single contractual mechanism and enables freight to be planned and managed at a national level”.¹⁰³ CILT also highlighted concerns that, in light of the recommendations of the Burns review, the Welsh Government would place too great an emphasis on passenger services between Cardiff and Newport, leading to freight operations “being constrained to unfavourable times of the day”.¹⁰⁴

94 [Q90](#)

95 TSSA ([RIW0017](#))

96 Civil Engineering Contractors Association (CECA) Wales ([RIW0009](#))

97 Transport Focus ([RIW0011](#))

98 Transport Focus ([RIW0011](#))

99 Chartered Institute of Logistics and Transport (CILT) ([RIW0013](#))

100 Chartered Institute of Logistics and Transport (CILT) ([RIW0013](#))

101 [Q5](#) Julian Glover

102 Rail Freight Group ([RIW0004](#))

103 Rail Freight Group ([RIW0004](#))

104 Chartered Institute of Logistics and Transport (CILT) ([RIW0013](#))

69. Whether the devolution of the core valley lines to the Welsh Government served as a model for further devolution was a matter of debate among witnesses to our inquiry. Sir Peter Hendy said the devolution of the core valley lines had been achieved relatively smoothly in a way that did not “interrupt services to passengers and freight, and has given the Welsh Government and Transport for Wales the canvas on which they can paint their aspirations for better rail services in the valleys”.¹⁰⁵ Ken Skates MS, however, argued that divestment of the core valley lines did not establish a model for further devolution because “the process was lengthy—far too long—and too complex and it resulted in the Welsh Government ultimately being underfunded for the ongoing maintenance of what is a largely Victorian infrastructure set”.¹⁰⁶ Nevertheless, Professor Stuart Cole observed that devolution of the core valley lines had managed to break down “the previous rigid barriers where DfT was responsible and WG [Welsh Government] was an onlooker”.¹⁰⁷

70. In their evidence the Department for Transport warned that the cross-border nature of many Welsh services would make untangling costs a significant administrative challenge in the event of further rail devolution:

Train operations are often cross border and there is less separate identification of Welsh rail infrastructure. Many long-distance services in Wales are delivered by intercity franchises based in English cities. Cost identification and separation would be complex and generate an ongoing administrative cost.¹⁰⁸

The Scottish model

71. A potential model for the devolution of rail infrastructure can be found in Scotland where infrastructure has been the responsibility of the Scottish Government since 2006. However, Network Rail is not managed by the Scottish Government and Bill Kelly emphasised that there are lessons to be learnt based on the Scottish approach:

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.¹⁰⁹

72. James Price, CEO of TfW, suggested that the Scottish model of devolution was “possibly a mistake” as the Scottish Government has responsibility for funding Network Rail but no management authority. He said he would welcome full devolution because it could support the integration of rail with other modes of transport, but he also emphasised the importance of maintaining a good relationship with Network Rail and sharing resources and specialist knowledge.¹¹⁰ Ken Skates MS told us that he would not want to replicate the Scottish model in Wales because “the Scottish Government do not have the levers over Network Rail that would enable them to fully deliver against their priorities”.¹¹¹

105 [Q90](#)

106 [Q118](#)

107 Professor Stuart Cole CBE (Emeritus Professor of Transport (Economics and Policy) at University of South Wales) ([RIW0002](#))

108 Department for Transport ([RIW0018](#))

109 [Q33](#)

110 [Q34](#)

111 [Q121](#)

73. The Department for Transport's (DfT) written evidence noted that the Silk Commission had recommended adopting the Scottish model in Wales, but the Department's analysis had warned against it, concluding that devolution of Welsh rail infrastructure "would be of no immediate benefit to passengers and freight."¹¹² Highlighting the cross-border nature of the rail network in Wales, the DfT suggested that "the current Scottish model of rail devolution does not readily transfer to Wales, where economic integration with English cities on an east-west axis is important". The DfT warned that it would be "challenging to untangle English and Welsh costs" and repeated their assessment that "it is not immediately obvious that the benefits would offset the higher administrative overheads likely to be generated".¹¹³

74. Chris Heaton-Harris MP told us that the case for devolution had not been made on the basis of benefit to freight or passengers.¹¹⁴ Commenting on the existing settlements between the two Governments, he concluded that "the balance we have at the present moment probably works pretty well".¹¹⁵ In particular, the Minister emphasised the benefits of economies of scale of Network Rail and that noted the financial risk associated with maintaining the network in Wales and across Great Britain sits with the UK Government.¹¹⁶

Conclusions

75. **While we welcome the positive working relationship between the Welsh and UK governments on rail infrastructure projects, we are concerned that the UK Government's Rail Network Enhancements Pipeline (RNEP) is too slow and hampers, rather than helps, the evaluation of infrastructure proposals. *In response to this report we recommend that the UK Government should set out its plans to reform RNEP with a view to accelerating the delivery of projects in Wales.***

76. **Network Rail's revised structure has helped Network Rail respond to incidents in Wales, build relationships with Transport for Wales (TfW) and sharpen its focus on Wales and borders services. However, Network Rail should be alive to concerns that its regional structure will lessen its focus on supporting an all-Wales approach to integrated transport. Network Rail's regional structure must flex to afford Wales the degree of prioritisation it requires.**

77. **If clear benefits for both passengers and freight users could be delivered by devolving rail infrastructure to the Welsh Government then the case for further devolution would be compelling. However, few benefits to rail users have been identified and the benefits of the existing management arrangements are considerable. The liabilities associated with rail infrastructure are significant. The economies of scale available via the existing management structure are of benefit to Wales and help to limit the resource that might otherwise have to be committed to maintenance of the network rather than its enhancement.**

78. **However, even if one puts aside the question of affordability and liabilities, there is the issue of how closely connected and densely populated the border between Wales and England is. The mainline connecting north and south Wales runs through England**

112 Department for Transport ([R1W0018](#)), p4

113 Department for Transport ([R1W0018](#)), p4

114 [Q152](#)

115 [Q152](#)

116 [Q153](#)

and cross border routes are vital for commuters and intercity travellers alike. Wales's geography means its rail network depends on infrastructure in England and, wherever responsibility for management resides, the successful delivery of projects would still rely on strong, interdependent relationships between multiple organisations based on both sides of the border. Of most importance is that all parties, including the Department for Transport, Welsh Government, Transport for Wales and Network Rail, come together, under the auspices of the Wales Rail Board we have recommended earlier in this report, and develop a shared vision and project pipeline for rail in Wales.

79. The Williams-Shapps review said that the UK Government wishes to establish a new working agreement between Great British Railways (GBR) and Transport for Wales. We believe that the Wales Rail Board we have recommended would be the correct setting in which to negotiate new arrangements which should support the enhancement of rail infrastructure as part of a joined-up approach to public transport across all of Wales.

4 Funding

Maintenance and enhancements

80. Our inquiry explored how funding for infrastructure improvements had been allocated to Wales in the past and how they system operates in the present day. Investment in rail infrastructure for England and Wales has been determined in five-year cycles called ‘Control Periods’. The sixth rail Control Period since privatisation in 1994 spans from 2019 to 2024 and statutory statements, High Level Output Specification (HLOS) and Statement of Funds Available were made in July 2017 outlining overall expenditure on rail infrastructure. Rail infrastructure investment is allocated in constituent parts. Rail enhancements improve the capability, capacity, and reliability of the rail network. This is different from the Operations, Maintenance and Renewal Spend (OMR) which maintains the network’s current capability and reliability on a daily basis.¹¹⁷

81. According to data published by the Office of Rail and Road, in 2018–19 Wales received £230 million on enhancements from Network Rail, which is around 7.3% of the total expenditure for enhancements across Great Britain.¹¹⁸

82. In September 2020, the Welsh Government published their analysis of historical investment in rail infrastructure enhancements. It made the case for higher levels of investment as Wales’ rail network was considered “disadvantaged by the current process” as projects were assessed and prioritised on an “England and Wales basis”.¹¹⁹ A report published by the Welsh Government in September 2020 on Mainline railway enhancement requirements identified a lower level of rail enhancement investment in Wales in comparison with the rest of the UK rail network.¹²⁰

83. During his oral evidence to our inquiry, Ken Skates MS outlined the Welsh Government’s case for further enhancement investment. According to Mr Skates, Wales has “11% of track on the Wales route, as a total of the England and Wales routes. We have 11% of stations and 20% of level crossings, and yet since 2011 we have received less than 2% of enhancements”. He claimed that when compared to investment in rail infrastructure planned between 2001 and 2029, levels of under-investment in Wales amount to about £2.4 billion..¹²¹

84. CECA’s written evidence presented similar statistics to those outlined by Mr Skates. They also observed that on a population basis Wales’ share of enhancement funding is disproportionately low and concluded that there is an ongoing disparity in the enhancement funding made available to Wales for rail infrastructure improvements.¹²² The TSSA said the Welsh Government investment of £1bn in the period 2001–2029 “on projects like the Ebbw Valley and Vale of Glamorgan re-openings and a number of new and improved stations” illustrated “an insufficient level of investment” from the UK Government.¹²³

117 Welsh Government, [Mainline railway enhancement requirements](#), September 2020

118 Office of Rail and Road (2020), [UK rail industry financial information 2018–19](#), p 23

119 Welsh Government, [Historical investment in rail infrastructure enhancements](#), 19 September 2020

120 Welsh Government, [Mainline railway enhancement requirements](#), September 2020

121 [Q110](#)

122 Civil Engineering Contractors Association (CECA) Wales ([RIW0009](#))

123 TSSA ([RIW0017](#))

85. Outlining his analysis of enhancement spending, Professor Mark Barry, said “[t]he enhancement budget, depending on where you draw the line or what assumptions you make, is probably between 1% and 2% of the UK total over a prolonged period”.¹²⁴ When asked about these figures in January 2021, David T.C. Davies MP, Parliamentary Under-Secretary of State, stressed that the 1% figure quoted by Professor Barry only applied to improvements on the line. He estimated the figure as 4.37% when taking into consideration maintenance, operations, renewals, and enhancements. He felt that the 1% figure was not “entirely fair” and that Wales is more “generously funded” in the passenger per kilometre subsidy.¹²⁵ However, it was pointed out by the Wales Governance Centre that long-standing “low enhancement spending has led to a higher-subsidy, higher-maintenance network”.¹²⁶

86. Sir Peter Hendy said “if you divide investment by track miles, you get a very peculiar number”.¹²⁷ He told us that he was sceptical about some of the measures that had been used to assess infrastructure spending citing, as an example, the Heart of Wales line which “is a very long piece of railway, but it has only five trains a day, and they are quite short and do not have many people on them”.¹²⁸ James Price also felt that it was difficult to provide “specific answers” on levels of investment due to the “fluid nature of the border and the way that money is allocated”.¹²⁹ Nevertheless, he agreed that historical funding was disproportionately low whether measured against the total UK budget, track length or population share.¹³⁰

87. In contrast to the evidence from the majority of our witnesses Professor Roderick Smith of Imperial College offered some uncomfortable analysis regarding the amount of funding Wales’ rail infrastructure might expect. Professor Smith explained that the Japanese model of appraising the economic viability of railways—Daily Passenger Density—measures thousands of passenger kilometres per route kilometre per day and, by using this measure, he concluded that Wales scores well below the level required to deliver a profitable rail network.¹³¹

88. That Wales’s rail infrastructure has been historically underfunded was contested by Professor Smith. He noted that subsidy for the Welsh rail network stands at 26.3p per passenger km whilst for the UK as a whole the subsidy is 5.1p per passenger km.¹³² Whether funding for rail infrastructure had been sufficient would be dependent on what the ambitions for the railways were, Professor Smith said, but he contested that it “could be argued that the share has been generous when measured against use”.¹³³ Considering whether Wales had received its fair share of infrastructure funding Julian Glover observed that ‘fairness’ is a complex concept and that a commuter who purchases a season ticket and is subject to parking charges on a profitable route may not regard the extent of the subsidy to the Welsh network as ‘fair’.¹³⁴

124 [Q12](#)

125 Oral evidence (Responsibilities of the Secretary of State for Wales) [14 January 2021](#), Q235

126 Wales Governance Centre, Cardiff University ([RIW0019](#))

127 [Q96](#)

128 [Q96](#)

129 [Q41](#)

130 [Q41](#)

131 Professor Roderick A Smith (Emeritus Professor at Imperial College London) ([RIW0014](#))

132 Professor Roderick A Smith (Emeritus Professor at Imperial College London) ([RIW0014](#))

133 Professor Roderick A Smith (Emeritus Professor at Imperial College London) ([RIW0014](#))

134 [Q14](#)

89. Julian Glover said Wales' high subsidy could, in part, be addressed by increasing rail usage and Professor Barry told us that investment in infrastructure could achieve this because it “gives you more capacity, allows you to run faster, allows you to operate more trains and carry more people”.¹³⁵

Assessment of infrastructure projects

The Green Book and benefit cost ratios

90. A number of witnesses suggested that the Treasury's rules for evaluating infrastructure projects, published in the Green Book, do not work in the interest of Wales.¹³⁶ Professor Stuart Cole said that the Treasury's rules had effectively prioritised infrastructure projects in the South East of England and the Treasury had over emphasised the use of benefit cost ratios (BCR) in their appraisal of projects.¹³⁷ Professor Cole concluded that “[s]ignificant changes are needed in the Green Book approach if Welsh capital investments schemes are to come further up the priority list for DfT”.¹³⁸

91. The Wales Governance Centre highlighted the relationship between historic levels of enhancement funding and successful navigation of the appraisal process. They noted that historically low levels of enhancement funding meant infrastructure “schemes will be more at risk of underestimated passenger demand and other factors which compromise assessments of value for money”.¹³⁹

92. The Welsh Government has made the case that industry forecasting has routinely overestimated the demand for projects in London and underestimated demand for those in Wales and concluded that “the analytical framework which the UK Government rely upon to produce business cases and value for money assessments” [the benefit cost ratio] magnifies underinvestment in Welsh rail infrastructure.¹⁴⁰ Ken Skates MS told us that the “really harsh benefit cost ratio assessment” will always favour densely populated areas and it was this method of appraising infrastructure projects that was at the root of underinvestment in Wales.¹⁴¹

93. As a former special adviser in the DfT, Julian Glover's highly critical analysis of the use of benefit cost ratios to evaluate rail infrastructure projects was significant. He said that “BCR in itself is a pretty foolish thing” adding that it is effectively an invented number. Mr Glover concluded that “it does not relate to a real business or the fares people are going to pay and that the BCR has become “a sort of false reassurance that people like to have”.¹⁴² In some cases, such as upgrading the Cardiff to Bristol route, Mr Glover said it was “palpably obvious” that projects should happen and added that “you don't need a BCR” to prove that HS2 services should connect to an electrified north Wales mainline from Crewe.¹⁴³

135 [Q2](#)

136 The North Wales and Mersey Dee Rail Task Force “Growth Track 360” (GT360) ([RIW0010](#)), Sustrans Cymru, Transform Cymru ([RIW0012](#))

137 [Q4](#)

138 Professor Stuart Cole CBE (Emeritus Professor of Transport (Economics and Policy) at University of South Wales) ([RIW0002](#))

139 Wales Governance Centre, Cardiff University ([RIW0019](#))

140 Welsh Government, [Historical investment in rail infrastructure enhancements: Rail enhancement funding in Wales](#), September 2019, p 8

141 [Q110](#)

142 [Q16](#)

143 [Q16](#)

94. Mark Hopwood, Chief Executive of Great Western Railway, felt that taking the “widest view possible” was needed when considering benefit cost ratio for rail projects. He said evaluation of projects should recognise “benefits to communities by improving connectivity, for example, and making it easier for people to get to places of employment”.¹⁴⁴

95. It appears that the UK Government has accepted the criticisms made of its assessment criteria. In November 2020 the Treasury responded to a review of the Green Book by making recommendations which would reduce reliance on narrow benefit cost ratio analysis and said, “a refreshed Green Book” would “help achieve the aim of addressing regional imbalances”.¹⁴⁵ Explaining how the assessment criteria for infrastructure projects would be revised, the Treasury acknowledged in the Spending Review that: the appraisal process “often fails to properly consider how a proposal will deliver the [UK] government’s policy ambitions, including levelling up”, resulting in a focus on BCR which “does not fully reflect social policy objectives or give ministers the information they need about where costs and benefits fall”.¹⁴⁶

96. The Treasury said that any proposal that cannot make a case which aligns with the UK Government’s strategic approach will not be considered value for money and that “appraisals must give a comprehensive picture of cost and benefits, including impacts that are difficult to monetise”. The Spending Review emphasised that “options will be assessed first and foremost based on whether they deliver relevant policy objectives”.¹⁴⁷

97. CECA said that within the rail industry there is now some optimism that the changes proposed by the Treasury “will lead to a different appraisal process that is less inclined to favour projects with already high passenger numbers in major population centres”.¹⁴⁸ Professor Stuart Cole said the changes “should bring benefits to Wales”, but cautioned that strategic importance has theoretically been factored in to the appraisal of transport schemes since 2013 “but with little impact on decisions based on strategic importance”.¹⁴⁹

98. Discussing how the wider economic benefit to a specific area can be factored into decision making around rail infrastructure, Sir Peter Hendy indicated that the Union Connectivity Review would recommend appraising potential infrastructure investments using a wider economic basis”, and suggested that “if it is believed that the connectivity will drive general economic growth into the future, using a better appraisal methodology to appraise people’s desired investment is very likely to produce more investment”.¹⁵⁰

HS2

99. Discussing the implications of high speed rail for Wales, Professor Mark Barry told us that the DfT’s own Full Business Case for HS2 prepared in April 2020 had shown that HS2 will not benefit passengers in Wales and the DfT had predicted a “~£150M pa GDP disbenefit to Wales”.¹⁵¹ Professor Barry said that HS2 will not lead to any increase in

144 [Q59](#)

145 HM Treasury, Spending Review, 2020, para 4.1

146 *Ibid*, para 5.11

147 *Ibid*

148 Civil Engineering Contractors Association (CECA) Wales ([RIW0009](#))

149 Professor Stuart Cole CBE (Emeritus Professor of Transport (Economics and Policy) at University of South Wales) ([RIW0002](#))

150 [Q97](#)

151 Mark Barry (Professor of Practice in Connectivity at Cardiff University, School of Geography and Planning) ([RIW0007](#))

capacity on the north Wales mainline and the Civil Engineering Contractors Association said only “improved frequency and speed from Crewe will realise its slated benefits to North Wales”.¹⁵²

100. James Price was clear that for HS2 to be positive for Wales it should link to the Welsh network as HS2 “if not developed well and correctly, will be damaging to Wales”.¹⁵³ Julian Glover argued that the Union Connectivity Review is the vehicle by which HS2 could be modified to deliver benefits for Wales. He said “HS2 trains should run into north Wales” and argued that there is “a massive opportunity to put forward the case for doing better things, putting money in, electrifying, linking up, speeding up, working with HS2”.¹⁵⁴

101. Chris Heaton-Harris MP said that people in Wales travelling to London would benefit from HS2 by virtue of reduced journey times between Crewe and London. The Minister did, however, acknowledge that the interim Union Connectivity Review report had noted the importance of “faster and higher-capacity connections for passengers from HS2 to north Wales”.¹⁵⁵ David T.C. Davies MP said that the UK Government wants “to demonstrate that HS2 is going to be beneficial to people in Wales, particularly in north Wales” and said that getting the “connection right into Crewe” would “reduce journey times down to London”.¹⁵⁶

Funding implications of HS2

102. The extent to which Wales has benefited from increased funding as a consequence of HS2 is matter of some debate. Between 2015–2019 “the Welsh Government received approximately £755 million in Barnett consequentials” as a result of an increase in the DfT budget arising from spending on HS2.¹⁵⁷ However, the departmental comparability factor—the way in which the DfT budget is classified by the Treasury—“has fallen sharply, from 80.9% in 2019 (which was based on the 2015 statement) to 36.6% in 2020”.¹⁵⁸

103. The Wales Governance Centre explained that HS2 is classified by the Treasury as an England and Wales project which means it attracts a 0% programme comparability factor. In other words, although HS2 will run solely in England the Welsh Government does not receive a Barnett consequential because the Treasury has determined that it will bring benefits to Wales. The interaction between the new departmental DfT comparability factor of 36.6% and the HS2 programme comparability factor of 0% “will reduce the Welsh Government’s consequentials for any increase in the DfT budget (for both devolved and reserved programmes) over the remaining lifespan of the HS2 project”.¹⁵⁹

104. Professor Barry concluded that “[i]n effect costs for HS2 and rail enhancement are being allocated to Wales -yet none of the benefits apply to Wales”.¹⁶⁰ He said HS2 should be reclassified as an England only scheme which would enable the Barnett formula to be

152 Civil Engineering Contractors Association (CECA) Wales ([RIW0009](#)), p 2

153 [Q44](#)

154 [Q15](#)

155 [Q145](#) (Mr Heaton-Harris)

156 [Q145](#) (Mr Davies)

157 Wales Governance Centre, Cardiff University ([RIW0019](#))

158 Wales Governance Centre, Cardiff University ([RIW0019](#))

159 Wales Governance Centre, Cardiff University ([RIW0019](#))

160 Mark Barry (Professor of Practice in Connectivity at Cardiff University, School of Geography and Planning) ([RIW0007](#))

used to address wider concerns about funding.¹⁶¹ Similarly, James Price told us that HS2 “ought to be Barnettised in some way”.¹⁶² CECA highlighted the extent to which Wales may be disadvantaged by the classification of HS2:

The HS2 business case explicitly disadvantages the south of Wales (with only potential and minimal gains in the north and middle via Crewe and Birmingham). Arguably there are far more benefits to Scotland from HS2 despite Scotland receiving significant Barnett “consequentials” and Wales gaining none. This, as you would expect, is of concern to our members as it will result in less investment.¹⁶³

Conclusions

105. We welcome the changes announced in the 2021 Spending Review which will reform the process by which the Treasury evaluates infrastructure projects. It is imperative that the Treasury’s approach to evaluating rail infrastructure proposals takes account of a broader range of factors, such as regional economic inequalities and environmental benefits, than just benefit cost ratios. *In light of the forthcoming publication of the Union Connectivity Review, we recommend that the evaluation process for rail infrastructure proposals in Wales factors in the UK Government’s strategic ambitions to strengthen connections between all parts of the UK.*

106. HS2 is one of the largest infrastructure projects ever undertaken in the UK. It is a project of unprecedented size and complexity and has already created several thousand jobs as part of a supply chain that spans the country, including Wales. However, as rail infrastructure is not devolved, beyond the core valleys lines, to the Welsh Government, Wales will not benefit in the same way as Scotland and Northern Ireland from Barnett consequentials arising from the HS2 project. This is despite the fact that UK Government’s own analysis has concluded that HS2 will produce an economic disbenefit for Wales. *We recommend that HS2 should be reclassified as an England only project. Using the Barnett formula, Wales’ funding settlement should be recalculated to apply an additional allocation based on the funding for HS2 in England. This would help to ensure that Welsh rail passengers receive the same advantage from investment in HS2 as those in Scotland and Northern Ireland.*

107. *The development of the HS2 programme in England could yield direct benefits to Welsh rail passengers if it is accompanied by enhancements to the North Wales mainline, including the upgrades at Chester and Crewe stations which will be required for full electrification of the North Wales mainline to proceed. We recommend that the UK Government, working in partnership with the Welsh Government, should prepare a full strategic case for the upgrade and electrification of the North Wales mainline. Consolidating the benefits of HS2 for Wales by reducing journey times within North Wales, increasing freight capacity and improving connections from Holyhead to the West Coast main line would be consistent with the UK Government’s economic and environmental objectives and with the objectives of the Union Connectivity Review.*

161 Mark Barry (Professor of Practice in Connectivity at Cardiff University, School of Geography and Planning) ([RIW0001](#))

162 [Q44](#)

163 Civil Engineering Contractors Association (CECA) Wales ([RIW0009](#))

5 The implications of Covid-19

Financial effect

108. Covid-19 has had a profound impact on the operation of rail services in Wales. On 22 October 2020, the Welsh Government announced the nationalisation of TfW rail services from February 2021. Ken Skates MS said that the Welsh Government had decided to act to “stabilise the network and keep it running” as the Covid-19 pandemic had “significantly impacted passenger revenues”.¹⁶⁴ Simon Jones from the Welsh Government explained to us that “the funding model for our franchise” had “completely fallen apart”.¹⁶⁵ Mr Jones noted that the arrangements in Wales are now similar to those in Northern Ireland and some parts of England and explained:

We were reliant on 50% of the revenue coming from passenger fares. That dropped to less than 5% at one point at the height of the first lockdown. [...] It broke the financial model, and it was unsustainable, frankly, for the operator to stay in place.¹⁶⁶

109. Whilst it is possible to quantify the immediate impact of covid-19 on rail services it is more difficult to evaluate the long-term impact on the rail network’s infrastructure requirements. The full economic consequences of the pandemic have yet to be realised and there is not yet a sense of the extent to which this could limit spending on infrastructure projects. The Rail Freight Group, however, did express concern that the budget for rail enhancements which would benefit freight could be negatively affected by the reduction in passenger traffic and income.¹⁶⁷ The Rail Industry Association argued that “continued and accelerated investment in rail” is required to “support economic recovery and achieve the UK Government’s aim of ‘building back better’”.¹⁶⁸ Professor Stuart Cole pointed to research which suggested that “it is expected that 80% of previous demand will return”.¹⁶⁹

110. Efforts should be made to develop synergies between climate mitigation efforts, such as protecting against rising sea-levels, and measures to protect transport infrastructure. Noting that significant Welsh transport infrastructure lies either adjacent to the coast or runs along valley lines (often alongside rivers), we believe there are significant opportunities to link efforts and budgets to protect transport infrastructure to wider community protection.

Demand for rail services

111. James Price, the Chief Executive of Transport for Wales (TfW), said there was potential for rail and sustainable transport to be used more “aggressively” than before, especially in relation to climate change and emissions.¹⁷⁰ Railfuture Cymru told us that although “it is likely that peak travel will fall” they anticipate that “off peak travel will

164 BBC News, [Transport for Wales rail services to be nationalised](#), 22 October 2020

165 [Q132](#)

166 [Q132](#)

167 Rail Freight Group ([RIW0004](#))

168 Railway Industry Association ([RIW0015](#))

169 Professor Stuart Cole CBE (Emeritus Professor of Transport (Economics and Policy) at University of South Wales) ([RIW0002](#))

170 [Q35](#)

not be subject to reductions of the same order”. They said that the pandemic should not be used as a pretence for “long term cancellation or delays to rail investment, which must be enhanced as part of the national drive towards more energy efficient carbon neutral transport.”¹⁷¹

112. Commenting on the de-facto nationalisation of rail services in Wales, Chris Heaton-Harris MP said he “would certainly never criticise” TfW and the Welsh Government “for doing what it believed right for its franchise”.¹⁷² The Minister said that “[f]ranchising is essentially gone, dead in the water” and that the UK Government was now attempting to evaluate how the passengers would respond in a post-pandemic environment.¹⁷³

Conclusions

113. COVID-19 has posed an unprecedented challenge to the rail network and rail operators across the UK. Significant investment has been required from governments to keep services operational at a time when many workers have had to work from home as a consequence of the pandemic. The medium to longer term implications of the pandemic for work habits, namely whether it will result in a permanent shift towards working from home, at least on a more frequent basis, are hard to predict at this stage. However, what has not altered as a result of the pandemic is the long-term need to decarbonise, improve air quality and reduce congestion by moving passengers away from cars and towards public transport on key routes such as the corridor between Newport and Cardiff.

114. *We are concerned that Covid-19 should not be used as a pretext for halting investment which, in the long term, would only further cement the car as the transport mode of choice in Wales. Instead this should be an opportunity for the Department for Transport, Welsh Government, Transport for Wales and Network Rail to take stock and consider the role of rail Wales’s future transport network. Using the Wales Rail Board we have recommended, this process should:*

- *establish immediate infrastructure investment priorities;*
- *consider how passenger services can be improved without inadvertently reducing freight capacity; and*
- *determine on a route by route basis what improved services will mean for passengers in terms of frequency, speed, and cost.*

171 Railfuture Cymru/ Wales ([RIW0003](#))

172 [Q178](#)

173 [Q178](#)

Conclusions and recommendations

The case for upgrading rail infrastructure in Wales

1. There is a strong environmental and economic case for substantially enhancing the rail infrastructure that serves Wales, and the passenger experience of slow services and inadequate stations only underlines the need for an upgraded network. The South East Wales Transport Commission, chaired by Lord Burns, demonstrated the relationship between enhanced rail infrastructure, integrated public transport, decarbonisation and, ultimately, improved quality of life. Lord Burns' commission made a convincing case for significant investment in the key route from Cardiff to Bristol as a means of reducing greenhouse gas emissions and driving a shift from car use to public transport. It is welcome that as a first step the UK Government is acting on Lord Burns' findings by preparing a case to increase speeds on the relief lines that run through the Severn Tunnel. (Paragraph 34)
2. Improving transport infrastructure within Wales must be a priority and should focus on how infrastructure initiatives can remedy deprivation, boost the Welsh economy and contribute to meeting decarbonisation targets. Enhancements should include a focus on improving connectivity within Wales, such as more efficient rail links between North and South Wales, as well as between Wales and the rest of the UK. (Paragraph 35)
3. A number of potential infrastructure upgrades suggested by witnesses to our inquiry are cross-border in nature, reflecting the relatively short distance between key urban areas such as Cardiff and Bristol in South Wales and Wrexham and Merseyside in the North East. The cross-border rail connections between England and Wales, and the level of socio-economic integration between border communities in Wales and England, is unique within the UK and enhancing these connections should be central to the Union Connectivity Review. (Paragraph 36)
4. The Union Connectivity Review represents a significant opportunity to establish priorities for rail infrastructure which will not only support economic development and decarbonisation in Wales, but improve the experience of those passengers for whom cross-border travel is simply local commuting. The UK Government was elected on the basis of a clear commitment to infrastructure investment and its response to Sir Peter Hendy's final report will be an early test of that commitment. It is critical that a complementary approach is adopted by the UK and Welsh governments in the development of Welsh rail projects. (Paragraph 37)
5. The Williams-Shapps White Paper sets out comprehensive reform of the British rail network and makes a strong case for electrification as the main mechanism for decarbonising rail travel. The Government's analysis and commitment to technological upgrades is welcome and the Wales Office must ensure that key routes in Wales are considered in this context. (Paragraph 38)
6. Both the South East Wales Transport Commission and the Williams-Shapps White Paper make a powerful case for the role rail, and in particular electrification, can play in the decarbonisation agenda. It underlines how short-sighted and regrettable

the decision to cancel the electrification of the Great Western mainline from Cardiff to Swansea was, as well as the potential value in economic and ecological terms of investing in greater connectivity between Swansea-Cardiff-Bristol. (Paragraph 39)

7. *Bringing forward new proposals for greater connectivity between Swansea-Cardiff-Bristol, which would include completing electrification on the mainline between Cardiff and Swansea and a Swansea Bay Metro to integrate the public transport network westwards to Pembrokeshire and Carmarthenshire and feed rail patronage from Swansea, would be an important sign of the UK Government's commitment to its green agenda and to improving connectivity across the UK. We call on the UK Government to produce draft proposals before the end of 2021.* (Paragraph 40)
8. A number of witnesses to our inquiry suggested that a more joined-up and clearer approach to Wales's infrastructure needs was required in order to unlock investment. *We therefore recommend that the UK Government should establish a Wales Rail Board, consisting of itself, the Welsh Government, Network Rail, the rail operators providing services in Wales, and Transport for Wales. The Board would be tasked with identifying and developing a prioritised set of proposals for rail infrastructure improvement and investment in Wales. The Board should be established, with its membership and terms of reference published, by this Autumn.* (Paragraph 41)

Management of rail infrastructure

9. While we welcome the positive working relationship between the Welsh and UK governments on rail infrastructure projects, we are concerned that the UK Government's Rail Network Enhancements Pipeline (RNEP) is too slow and hampers, rather than helps, the evaluation of infrastructure proposals. *In response to this report we recommend that the UK Government should set out its plans to reform RNEP with a view to accelerating the delivery of projects in Wales.* (Paragraph 75)
10. Network Rail's revised structure has helped Network Rail respond to incidents in Wales, build relationships with Transport for Wales (TfW) and sharpen its focus on Wales and borders services. However, Network Rail should be alive to concerns that its regional structure will lessen its focus on supporting an all-Wales approach to integrated transport. Network Rail's regional structure must flex to afford Wales the degree of prioritisation it requires. (Paragraph 76)
11. If clear benefits for both passengers and freight users could be delivered by devolving rail infrastructure to the Welsh Government then the case for further devolution would be compelling. However, few benefits to rail users have been identified and the benefits of the existing management arrangements are considerable. The liabilities associated with rail infrastructure are significant. The economies of scale available via the existing management structure are of benefit to Wales and help to limit the resource that might otherwise have to be committed to maintenance of the network rather than its enhancement. (Paragraph 77)
12. However, even if one puts aside the question of affordability and liabilities, there is the issue of how closely connected and densely populated the border between Wales and England is. The mainline connecting north and south Wales runs through England and cross border routes are vital for commuters and intercity

travellers alike. Wales's geography means its rail network depends on infrastructure in England and, wherever responsibility for management resides, the successful delivery of projects would still rely on strong, interdependent relationships between multiple organisations based on both sides of the border. Of most importance is that all parties, including the Department for Transport, Welsh Government, Transport for Wales and Network Rail, come together, under the auspices of the Wales Rail Board we have recommended earlier in this report, and develop a shared vision and project pipeline for rail in Wales. (Paragraph 78)

13. The Williams-Shapps review said that the UK Government wishes to establish a new working agreement between Great British Railways (GBR) and Transport for Wales. We believe that the Wales Rail Board we have recommended would be the correct setting in which to negotiate new arrangements which should support the enhancement of rail infrastructure as part of a joined-up approach to public transport across all of Wales. (Paragraph 79)

Funding

14. We welcome the changes announced in the 2021 Spending Review which will reform the process by which the Treasury evaluates infrastructure projects. It is imperative that the Treasury's approach to evaluating rail infrastructure proposals takes account of a broader range of factors, such as regional economic inequalities and environmental benefits, than just benefit cost ratios. *In light of the forthcoming publication of the Union Connectivity Review, we recommend that the evaluation process for rail infrastructure proposals in Wales factors in the UK Government's strategic ambitions to strengthen connections between all parts of the UK.* (Paragraph 105)
15. HS2 is one of the largest infrastructure projects ever undertaken in the UK. It is a project of unprecedented size and complexity and has already created several thousand jobs as part of a supply chain that spans the country, including Wales. However, as rail infrastructure is not devolved, beyond the core valleys lines, to the Welsh Government, Wales will not benefit in the same way as Scotland and Northern Ireland from Barnett consequentials arising from the HS2 project. This is despite the fact that UK Government's own analysis has concluded that HS2 will produce an economic disbenefit for Wales. *We recommend that HS2 should be reclassified as an England only project. Using the Barnett formula, Wales' funding settlement should be recalculated to apply an additional allocation based on the funding for HS2 in England. This would help to ensure that Welsh rail passengers receive the same advantage from investment in HS2 as those in Scotland and Northern Ireland.* (Paragraph 106)
16. *The development of the HS2 programme in England could yield direct benefits to Welsh rail passengers if it is accompanied by enhancements to the North Wales mainline, including the upgrades at Chester and Crewe stations which will be required for full electrification of the North Wales mainline to proceed. We recommend that the UK Government, working in partnership with the Welsh Government, should prepare a full strategic case for the upgrade and electrification of the North Wales mainline. Consolidating the benefits of HS2 for Wales by reducing journey times within North*

Wales, increasing freight capacity and improving connections from Holyhead to the West Coast main line would be consistent with the UK Government's economic and environmental objectives and with the objectives of the Union Connectivity Review. (Paragraph 107)

The implications of Covid-19

17. *Efforts should be made to develop synergies between climate mitigation efforts, such as protecting against rising sea-levels, and measures to protect transport infrastructure. Noting that significant Welsh transport infrastructure lies either adjacent to the coast or runs along valley lines (often alongside rivers), we believe there are significant opportunities to link efforts and budgets to protect transport infrastructure to wider community protection. (Paragraph 110)*
18. COVID-19 has posed an unprecedented challenge to the rail network and rail operators across the UK. Significant investment has been required from governments to keep services operational at a time when many workers have had to work from home as a consequence of the pandemic. The medium to longer term implications of the pandemic for work habits, namely whether it will result in a permanent shift towards working from home, at least on a more frequent basis, are hard to predict at this stage. However, what has not altered as a result of the pandemic is the long-term need to decarbonise, improve air quality and reduce congestion by moving passengers away from cars and towards public transport on key routes such as the corridor between Newport and Cardiff. (Paragraph 113)
19. *We are concerned that Covid-19 should not be used as a pretext for halting investment which, in the long term, would only further cement the car as the transport mode of choice in Wales. Instead this should be an opportunity for the Department for Transport, Welsh Government, Transport for Wales and Network Rail to take stock and consider the role of rail Wales's future transport network. Using the Wales Rail Board we have recommended, this process should:*
 - *establish immediate infrastructure investment priorities;*
 - *consider how passenger services can be improved without inadvertently reducing freight capacity; and*
 - *determine on a route by route basis what improved services will mean for passengers in terms of frequency, speed, and cost. (Paragraph 114)*

Formal minutes

Tuesday 6 July 2021

Virtual meeting

Members present

Rt Hon Stephen Crabb MP, in the Chair

Tonia Antoniazzi	Ben Lake
Geraint Davies	Dr Jamie Wallis
Ruth Jones	Beth Winter

Railway infrastructure in Wales

Draft report (*Railway infrastructure in Wales*) proposed by the Chair, brought up and read.

Question put, That the Chair's draft report be read a second time, paragraph by paragraph.

The Committee divided:

Ayes, 4	Noes, 1
Tonia Antoniazzi	Dr Jamie Wallis
Geraint Davies	
Ben Lake	
Beth Winter	

Question accordingly agreed to.

Paragraphs 1 to 98 read and agreed to.

With the leave of the Committee, a single Question was put in relation to Paragraphs 99 to 107.

Question put, That Paragraphs 99 to 107 be read a second time and agreed to.

The Committee divided:

Ayes, 4	Noes, 1
Tonia Antoniazzi	Dr Jamie Wallis
Geraint Davies	
Ben Lake	
Beth Winter	

Paragraphs accordingly agreed to.

Paragraphs 108 to 114 read and agreed to.

Summary read.

Question put, That the Summary stand part of the Report.

The Committee divided:

Ayes, 4	Noes, 1
Tonia Antoniazzi	Dr Jamie Wallis
Geraint Davies	
Ben Lake	
Beth Winter	

Summary accordingly agreed to.

Motion made, and Question put, That the Report be the First Report of the Committee to the House.

The Committee divided:

Ayes, 4	Noes, 1
Tonia Antoniazzi	Dr Jamie Wallis
Geraint Davies	
Ben Lake	
Beth Winter	

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134)

Adjournment

Adjourned till Thursday 8 July at 8.30am.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Thursday 21 January 2021

Professor Stuart Cole, Emeritus Professor of Transport, University of South Wales; **Professor Mark Barry**, Professor of Practice in Connectivity, Cardiff University; **Julian Glover**, Former special adviser, Department for Transport [Q1–23](#)

Thursday 11 February 2021

James Price, Chief Executive Officer, Transport for Wales; **Bill Kelly**, Route Director Wales & Borders, Network Rail [Q24–51](#)

Mark Hopwood, Managing Director, Great Western Railway; **Richard Scott**, Director of Partnerships and Strategy, The West Coast Partnership; **Sarah Kelley**, Regional Director for West & Wales, CrossCountry [Q52–79](#)

Thursday 25 February 2021

Sir Peter Hendy, Chair of Union Connectivity Review, Chair, Network Rail [Q80–104](#)

Ken Skates MS, Minister for Economy, Transport and North Wales, Welsh Government; **Simon Jones**, Director Economic Infrastructure, Welsh Government; **James Hooker**, Rail Programme Director, Welsh Government [Q105–134](#)

Thursday 11 March 2021

Chris Heaton-Harris MP, Minister of State, Department for Transport; **David T C Davies MP**, Parliamentary Under-Secretary of State, Wales Office [Q135–181](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

RIW numbers are generated by the evidence processing system and so may not be complete.

- 1 Chartered Institute of Logistics and Transport (CILT) ([RIW0013](#))
- 2 Civil Engineering Contractors Association (CECA) Wales ([RIW0009](#))
- 3 Department for Transport ([RIW0018](#))
- 4 Federation of Small Businesses Wales ([RIW0006](#))
- 5 Industrial Communities Alliance Wales ([RIW0008](#))
- 6 Professor Mark Barry (Professor of Practice in Connectivity, Cardiff University, School of Geography and Planning) ([RIW0001](#)), ([RIW0007](#)) and ([RIW0020](#))
- 7 Professor Stuart Cole CBE (Emeritus Professor of Transport (Economics and Policy), University of South Wales) ([RIW0002](#))
- 8 Rail Freight Group ([RIW0004](#))
- 9 Railfuture Cymru/ Wales ([RIW0003](#))
- 10 Railway Industry Association ([RIW0015](#))
- 11 Shrewsbury Aberystwyth Rail Passengers Association (SARPA) ([RIW0016](#))
- 12 Smith, Professor Roderick A (Emeritus Professor, Imperial College London) ([RIW0014](#))
- 13 Sustrans Cymru; and Transform Cymru ([RIW0012](#))
- 14 TSSA ([RIW0017](#))
- 15 The North Wales and Mersey Dee Rail Task Force "Growth Track 360" (GT360) ([RIW0010](#))
- 16 Transport Focus ([RIW0011](#))
- 17 Wales Governance Centre, Cardiff University ([RIW0019](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2019–21

Number	Title	Reference
1st Report	Pre-appointment hearing with the Government's preferred candidate for the Chair of S4C	HC 89
2nd Report	Freeports and Wales	HC 205
3rd Report	The Welsh economy and Covid-19: Interim Report	HC 324
4th Report	Wales and the Shared Prosperity Fund: Priorities for the replacement of EU structural funding	HC 90
5th Report	Brexit and trade: implications for Wales	HC 176
1st Special Report	The Armed Forces and Defence Industry in Wales: Government Response to the Committee's First Report of Session 2019	HC 97
2nd Special Report	City Deals and Growth Deals in Wales: Government Response to the Committee's Second Report of Session 2019	HC 146
3rd Special Report	Freeports and Wales: Government Response to Committee's Second Report of Session 2019–21	HC 667
4th Special Report	Wales and the Shared Prosperity Fund: Priorities for the replacement of EU structural funding: Government response to the Committee's Fourth Report of Session 2019–21	HC 1083
5th Special Report	Brexit and trade: implications for Wales: Government response to the Committee's Fifth Report of Session 2019–21	HC 1223