



House of Commons  
Welsh Affairs Committee

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# Railway infrastructure in Wales: Government response to the Committee's First Report of Session 2021– 22

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First Special Report of Session 2021–  
22

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## Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the Senedd Cymru—Welsh Parliament).

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### Committee staff

The current staff of the Committee are Rosie Akeroyd (Committee Specialist), Miranda Good (Assistant Clerk), Dr Adam Evans (Clerk), Louise Glen (Committee Operations Manager), Chloe Jago (Media Officer), Xameerah Malik (Senior Committee Specialist), Lucy Morgan (Committee Specialist), Chloe Smith (Committee Specialist), Kelly Tunnicliffe (Committee Operations Officer).

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# First Special Report

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The Welsh Affairs Committee published its First Report of Session 2021–22, [Railway Infrastructure in Wales](#) (HC 438) on 14 July 2021. The Government's response was received on 14 September 2021 and is appended to this report.

## Appendix: Government Response

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**Recommendation 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.”**

The UK Government notes this recommendation. The intervention in the South Wales Relief Lines is currently being worked upon by Network Rail at Outline Business Case stage. The remit has been developed to ensure alignment with the aspirations of the South East Wales Transport Commission (Burns Commission), as endorsed by Sir Peter Hendy’s Union Connectivity Review (UCR). The proposals seek to increase line speeds on the Relief Lines (40–60 mph), to the same speed as the Main Lines (95 mile/h), between Cardiff, Newport and Severn Tunnel Junction, providing the potential for additional capacity and/or improved journey times. It would also improve connectivity, network availability, and resilience.

The upgraded lines, which are currently used predominantly for freight traffic, will serve to provide greater passenger connectivity within South Wales and across the border to Bristol and Gloucestershire. Transport for Wales (TfW) has an aspiration to operate additional cross-border services and the department is exploring options for this with them. Development of the Outline Business Case is underway by Network Rail, and we expect the final Business Case document to be presented for approval this year.

**Recommendation 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.”**

**Recommendation 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.”

Recommendation 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.**”

The UK Government notes these recommendations. The interim report of Sir Peter Hendy’s independent Union Connectivity Review (UCR) was published in March 2021. From the work undertaken to that point, some of the key concerns raised relating to Wales included:

- Faster and higher capacity connections for passengers from HS2 to Scotland and North Wales, and consequently better freight capacity too;
- Improved rail connectivity between the north coast of Wales and England;
- Rail improvements in south-east Wales, building on ideas from Lord Burns’ Commission.

In response to the UCR’s interim report, the UK Government made available £20m for a new Union Connectivity Development Fund so that development work could be started on some of the most promising union connectivity schemes emerging from the Review.

Positive engagement continues between the UK Government and the Welsh Government on rail feasibility proposals under the Union Connectivity Development Fund. The UK Government has received two proposals from Transport for Wales to the fund, which are currently being reviewed.

The UK Government looks forward to publication of the final UCR report, which we expect in Autumn 2021 and will consider funding for Union connectivity schemes as part of the forthcoming Spending Review.

Recommendation 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.**”

The UK Government agrees with this recommendation in part. In ‘Decarbonising transport: a better, greener Britain’,<sup>1</sup> we committed to deliver a net zero rail network by 2050, with sustained carbon reductions in rail along the way. We also committed to deliver an ambitious, sustainable, and cost-effective programme of electrification, guided by Network Rail’s Traction Decarbonisation Network Strategy (TDNS). TDNS makes

1 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1009448/decarbonising-transport-a-better-greener-britain.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1009448/decarbonising-transport-a-better-greener-britain.pdf)

recommendations on the most appropriate technology for each part of the network, which in Wales includes a mixture of electrification, battery and hydrogen trains. We will always deploy the most suitable technology for each rail line considering technology capability and value for money.

**Recommendation 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.”**

**Recommendation 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.”**

The UK Government notes these recommendations, although agrees that electrification will play an important role in our programme to achieve our net zero 2050 target (see the response to Recommendation 5). Future decisions on electrification of the network will be guided by Network Rail’s TDNS, a set of recommendations that suggests which traction decarbonisation solutions (electrification, battery, or hydrogen) could be best suited to which parts of the currently unelectrified network.

The 2017 cancellation of the electrification of the main line between Cardiff and Swansea was due to significant increase in costs and poor value for money. A driving reason was that electrification would provide no significant journey time saving between Cardiff and Swansea, as the maximum line speed over most of the route between the two cities is 90mph. The full benefits of running the Hitachi Intercity Express Trains in electric mode would not be possible even with electrification, with comparable journey times regardless of whether operating in diesel or electric.

**Recommendation 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.”**

**Recommendation 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.”**

**Recommendation 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.”**

The UK Government agrees with these recommendations in part. Together with their industry partners in Wales, DfT has undertaken a review of the governance arrangements applicable to the development and delivery of railway enhancements. The Welsh Government and TfW have confirmed that they value the role of the Great Western & Wales Programme Board, in managing the funding arrangements and integration considerations for schemes under the RNEP, and we intend that this should continue.

DfT recognises the potential benefits identified by the Committee of a dedicated forum to develop a shared vision and a prioritised set of proposals for rail infrastructure improvement and investment to deliver improvements for passengers in Wales and propose to establish a senior-level Board with this remit. The Board will comprise director-level representation from Welsh Government, DfT, TfW, Network Rail, and other train operators serving passengers in Wales. Terms of Reference are under discussion with a view to holding an initial meeting of this Board at the earliest opportunity in the current calendar year. The Terms of Reference will include aspects relevant to the establishment of working arrangements between Great British Railways (GBR) and TfW under rail reform proposals.

Our governance review has also identified the need for additional resource to steer the delivery of RNEP enhancement schemes and we propose to establish a Programme Delivery Group as a sub-body of the Great Western & Wales Programme Board in support of this.

The existing Programme Board and the new forums will work closely with TfW's Metro Development Strategy Boards and the industry partners will ensure a cohesive and collaborative approach to the development of rail infrastructure in Wales, delivering additional benefits to passengers and supporting economic growth.

**Recommendation 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.”**

The UK Government notes this recommendation. The RNEP is the framework by which the rail enhancements budget, set through fiscal events is spent efficiently and on projects

that support UK government's strategic objectives. It was first published in March 2018 and provides a rolling programme of investment in the railway to ensure a steady stream of benefits to the railway's supply chain, its customers (both passenger and freight) and taxpayers. We do not accept that it hampers the evaluation or successful delivery of infrastructure proposals.

RNEP funding for individual projects and programmes is released incrementally; enhancements are not provided with full funding for delivery at inception but rather the project team is provided with funding for the next stage of development up until the next business case decision point. In this way, we ensure that we retain appropriate control over funding and that it is spent properly on the right projects.

The RNEP incorporates a joint governance structure with Network Rail. Investment decisions are retained with Ministers, but the joint governance ensures that projects are assessed for affordability and deliverability before they are committed to. The joint governance also manages change to projects in life to ensure that the portfolio as a whole remains affordable and deliverable.

The UK Government is always looking to improve systems and processes to make them more efficient. The RNEP is no different and despite RNEP's success, we are working jointly with Network Rail on our ambitious SPEED (Swift, Pragmatic, Efficient Enhancements Delivery) programme which aims to halve the time and reduce the cost of rail infrastructure projects. Rail SPEED is about industry and Government working together to identify opportunities to significantly reduce the time and cost of building the railway. This includes work on areas such as procurement, planning approval, governance, timetabling, workforce capability and culture. Rail SPEED is now being applied across all rail infrastructure including in Wales to improve how we deliver projects. This aligns closely with the wider cross-Government Project Speed vision to deliver projects 'better, greener, and faster', which is being embedded in our processes.

**Recommendation 10: "Network Rail's revised structure has helped Network Rail respond to incidents in Wales, build relationships with 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."**

The UK Government notes this recommendation. Network Rail operates at arm's length and is free to structure itself as it sees fit to deliver a safe, efficient railway for taxpayers and rail users. DfT will work with Network Rail and the Office for Road and Rail (ORR) to ensure that its regional structure continues to allow it to be flexible and prioritise its operations to take into account local requirements and to deliver its regulatory and statutory obligations.

The Network Rail Wales route remains responsible for day to day operation and maintenance of the railway in Wales and Borders and holds Network Rail's relationships with industry partners in Wales, the Welsh Government, and other key stakeholders. As part of the Wales and Western region, they are able to draw on expertise and resources,

previously held at Great Britain level, to deliver benefits for passengers and communities in Wales. Many of the regional functions have particular sections based in Wales and focused on Welsh issues and stakeholders.

**Recommendation 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.”**

The UK Government agrees with this recommendation. We have supported the Welsh Government in its ambition to have greater control over Welsh rail infrastructure, and this is evident in the collaborative approach we took to work with our partners to divest the Core Valley Lines to the Welsh Government.

DfT’s response to the Silk Commission’s recommendations concluded that full devolution of Welsh rail infrastructure would be of no immediate benefit to passengers and freight. Outside of the Core Valley Lines, most rail services in Wales operate on a cross-border basis and there is a desire to increase these further. As such, enhancements to facilitate greater capacity and capability need to be planned on a holistic route- and network-level basis.

**Recommendation 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.”**

The UK Government agrees with this recommendation in part. The Green Book Review found that existing appraisal practice may lead to a focus on boosting benefit-cost ratios at the expense of analysis which illuminates the impacts of a proposed investment.

DfT continues to ensure the principles of HMT’s review feed through into its work, and has recently published revised Transport Business Case guidance, in response to the HMT Green Book Review. This guidance sets out the importance of maintaining strong strategic coherence throughout business cases; developing investment proposals that contribute to achieving our strategic priorities such as levelling up and decarbonisation; and the need to undertake distributional analysis and assessing place-based impacts for transport.

**Recommendation 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."**

The UK Government notes this recommendation. We have responsibility for heavy rail infrastructure policy across England and Wales, and therefore spend money on heavy rail infrastructure in Wales rather than providing Barnett-based funding to the Welsh Government in relation to heavy rail spending in England. This is consistent with the funding arrangements for all other reserved UK Government responsibilities and with the Statement of Funding Policy. However, due to the use of departmental comparability factors in the Barnett formula at spending reviews, the Welsh Government has actually received a significant uplift in its Barnett-based funding due to UK Government spending on HS2.

**Recommendation 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."**

The UK Government notes this recommendation. DfT are working with Network Rail on developing an Outline Business Case for a scheme of journey time improvement on the North Wales Coast Main Line. This intervention proposes to increase line speeds and improve journey times by bringing all elements of infrastructure up to the capability of the recently re-designed signalling. The work is expected to conclude in February 2022. Officials are actively engaged with Welsh Government, TfW, and other relevant passenger and freight operators on the development of this scheme.

**Recommendation 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."**

The UK Government agrees with this recommendation. Climate change is the most pressing environmental challenge of our time. We must limit global warming to well below 2°C and have legislated to end the UK's contribution to climate change by 2050. Network Rail has and continues to engage with local authorities, coastal groups and in Wales to understand the impact of the Shoreline Management Plans on the railway

infrastructure, which will not only inform asset management planning, but will also need to inform longer-term strategic development around sustainable transport solutions to protect against rising sea-levels.

Network Rail has now commenced work on the Whole Industry Strategic Plan, with one of the core workstreams relating to Resilience and Climate Change and the impact on the railway network. Working with industry partners, funders and stakeholders, this workstream will also inform future associated planning activity for renewal and enhancement of the rail network.

Network Rail has undertaken significant recent work to restore the Conwy Valley line following storm damage in 2018 and 2020. These works have enhanced the resilience of the line against future weather events. In addition, recent work has been completed at Black Bridge on the Cambrian Main Line to raise the bridge level by one metre to avoid future closures of the line during heavy rainfall when the river floods.

**Recommendation 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.”**

The UK Government notes this recommendation. Following the COVID-19 pandemic, DfT has developed and implemented a new business planning process for all train operating companies (TOCs) which aims to improve outcomes for passengers, financial performance and industry efficiency.

To help develop capability to analyse future demand and stimulate industry recovery from the impacts of COVID-19, DfT set up a new Rail Revenue Recovery Group (RRRG) within Network Rail to provide expert revenue advice to the Department. This group is made up of Network Rail employees, expert consultants and secondees from Owning Groups, who have revenue related expertise.

RRRG is developing cross industry initiatives to drive revenue recovery, as well as refine our modelling and demand forecasting approach so DfT can better understand the likely trajectory of, and factors affecting, post-COVID passenger demand and use it to inform decision making as to how best to drive revenue.

There is also a need to work closely with industry to support future demand and revenue recovery. TOCs have submitted business plans for this financial year and beyond, aimed at encouraging the industry to deliver more efficiently and to stimulate recovery from the impacts of COVID-19. The business planning process is designed to be iterative and plans include marketing and growth initiatives that will aim to ensure passengers return to using rail once COVID-19 restrictions are lifted.

The process will allow DfT and operators to implement UK Government priorities for the railway more flexibly (including Rail Reform) whilst utilising operator and Owing Group expertise to help drive revenue, passenger recovery and an efficient railway. It will also help ensure a coherent cross-industry approach to stimulating future demand.

DfT will continue to work closely with industry on initiatives to support demand and revenue recovery when the time is right, like our introduction of new flexible season tickets across England this year.

**Recommendation 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.”**

The UK Government agrees with this recommendation in part. Our priority during a very challenging period has been ensuring the transport industry receives the support it needs. The Comprehensive Spending Review in the Autumn of 2020 reflected this priority and rightly redirected part of the rail enhancements budget for 2021–2024 towards the other parts of the rail industry that need support now. As we now approach another Spending Review, the preparation for which is underway at the time of writing, difficult circumstances for the rail industry remain given the continued impacts of COVID-19 on the economy and travel patterns.

As stated in the response to Recommendations 8, 11, and 13, we recognise the identified potential benefits of the forum the Committee has recommended and propose to establish a senior-level Board with this remit. DfT will continue to work closely with the Welsh Government, TfW, Network Rail, and other TOCs operating in Wales.