

Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth
Department for Economy, Science and Transport



Llywodraeth Cymru
Welsh Government

Nick Ramsey AM
Chair, Public Accounts Committee
National Assembly for Wales

c/o committeebusiness@wales.gsi.gov.uk

14 November 2016

Welsh Government Investment in Rail Services and Infrastructure

Dear Chair,

Please find enclosed a copy of the Welsh Government's update to the Auditor General for Wales following his report on Welsh Government investment in rail services and infrastructure.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Jones', written over a faint, larger version of the same signature.

Simon Jones
Director - Transport and ICT Infrastructure
Welsh Government



Mr Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

11 November 2016

Welsh Government Investment in Rail Services and Infrastructure

Dear Huw,

I am writing to provide you with an update to the Welsh Government's response to recommendations 4b and 5 in your report, dated 6th September 2016, on Welsh Government investment in rail services and infrastructure.

We undertook to write to you again once Transport for Wales had finalised the 'Invitation to Submit Outline Solutions' to set out how these lessons and recommendations have been incorporated into the procurement.

Recommendation 4b

"The Welsh Government should ensure that its project and risk management arrangements for the procurement have taken full account of relevant lessons and recommendations from recent National Audit Office reports on rail franchising and rail infrastructure programmes, and related reports by the UK Parliament's Public Account's Committee."

Welsh Government response

Accept. We have written to Transport for Wales to incorporate these lessons and recommendations into their work to develop and implement the procurement of the Wales and Borders franchise and Metro Phase 2. Transport for Wales is currently finalising one of the key procurement documents – the "Invitation to Submit Outline Solutions". Once this work is complete, we will write to you again, within the next six weeks, to set out how these lessons and recommendations have been incorporated into the procurement.

Update

The House of Commons Public Accounts Committee (PAC), in its report on lessons from cancelling the InterCity West Coast franchise competition, published in February 2013, stressed the importance of having the right internal resources and external support in place to run a competition. We have addressed this concern about capability through the establishment of Transport for Wales, which draws together both Welsh Government staff and external advisers, to ensure that the appropriate mix of skills and expertise is available to take forward the procurement process successfully.

As the PAC recommended in the same report, we have ensured that there is a single individual (SRO) held accountable to be responsible throughout the project.

This structure is also in line with the recommendation of the National Audit Office (NAO) in its 2014 report on rail infrastructure programmes that the role of programme sponsor should be separated from delivery.

We have also carried out effective engagement with stakeholders, as highlighted by the NAO in its 2012 report on the InterCity West Coast competition. This has included Transport for Wales supporting an initial high-level consultation exercise carried out in early 2016, and engagement with suppliers to ensure that they are aware of opportunities arising from the process.

We have established arrangements to deliver strong project and programme management, which the NAO considered to be a safeguard against poor decision-making. Senior Welsh Government and Transport for Wales officials meet fortnightly to review progress on the procurement plan.

The Brown Review of the Rail Franchising Programme in 2013 stressed the importance of fostering a healthy range of bidders and ensuring an active appetite for bidding. Through an extensive process of market engagement TfW has secured four bidders to progress to the next stage of the procurement process for the Wales and Borders franchise.

One of the key recommendations of the McNulty Review (Realising the Potential of GB Rail) in 2011 was that a leadership body, or Rail Delivery Group, be established to take responsibility for co-ordinating and leading on cross-industry initiatives.

Following its creation in June 2011 the Welsh Government has worked closely with the RDG and provided a secondment to the group to widen our knowledge of the industry developments in franchising. This experience is now embedded in Transport for Wales.

Recommendation 5

"...the Welsh Government's planning for the franchise takes into account the recommendations made by the Enterprise and Business Committee's 2013 into the Future of the Wales and Borders franchise."

Welsh Government response

Accept. The Welsh Government accepted the recommendations made by the Enterprise and Business committee in 2013. We have provided the report and our response to Transport for Wales for consideration when developing proposals for the next franchise. As described above, Transport for Wales is currently finalising one of the key procurement documents – the 'Invitation to Submit Outline Solutions'. Once this work is complete, we will

write to you again, within the next six weeks, to set out how these recommendations have been incorporated into the procurement.

Update

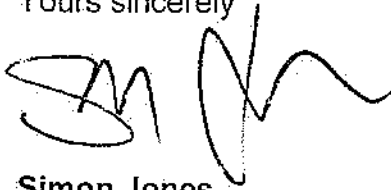
The Committee recommended that the Welsh Government recruit more staff with the necessary experience and expertise in relation to rolling stock and the franchise procurement more generally. The establishment of Transport for Wales has enabled the Welsh Government to bring in the technical and commercial expertise necessary to enhance the existing skills base.

The Committee recommended that the Welsh Government launch a major public consultation with all stakeholders. The Welsh Government carried out an initial consultation on the franchise between January and March 2016 ("Setting the Direction for Wales and the Borders Rail") which generated almost 200 responses, and will launch a more detailed consultation in early 2017, which will be supplemented by a series of engagement events.

The Committee recommended that the Welsh Government should promote and enhance cross-border routes within the current franchise map. The Cabinet Secretary for Economy and Infrastructure informed the Assembly on 18th October 2016 that "we have reached an agreement on the map including the provision of services that will extend to Bristol and Liverpool."

The Committee recommended that the Welsh Government should develop and publish a rolling stock strategy. The Welsh Government agreed in principle, as it would be important that the rolling stock expectations for the next franchise are clearly defined. With the support of Transport for Wales, we have now set out some of the key priorities that we require bidders to deliver, as a minimum, within their proposed rolling stock solutions.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Simon Jones', written over a light blue horizontal line.

Simon Jones
Director - Transport and ICT Infrastructure
Welsh Government

