



House of Commons
Welsh Affairs Committee

**Cross-border provision
of public services for
Wales: Transport:
Government Response
to the Committee's
Tenth Report of
Session 2008-09**

**Ninth Special Report of Session 2008–
09**

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The 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 National Assembly for Wales).

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Ninth Special Report

The Committee published its tenth Report of Session 2008-09 *Cross-border provision of public services for Wales: Transport* on 17 July 2009. The Government response was received on 28 October and is published as an Appendix to this Special Report.

Appendix

Introduction

The House of Commons Welsh Affairs Committee published its report *Cross-border provision of public services for Wales: Transport* on 17th July 2009. The Government welcomes the Committee's report as a helpful contribution to the debate about the provision of transport services. The following sets out the Government's response to the report.

Transport policy and provision for Wales has devolved and non-devolved areas and is therefore partly the responsibility of both the UK Government and the Welsh Assembly Government. The main areas of responsibility are set out below.

The Welsh Assembly Government is responsible for the management, maintenance and improvement of the trunk road and motorway network; funding local authority expenditure on roads, a range of road safety responsibilities, concessionary travel schemes, land use and surface access planning. In addition, the Welsh Assembly Government has wide discretionary powers to improve transport services within Wales.

The Welsh Assembly Government is responsible for specifying, funding and managing the franchise agreement for train services within Wales and across the border provided by Arriva Trains Wales. The UK Government through the Secretary for State for Transport has a range of powers and responsibilities in relation to these services including the power to take enforcement action under the franchise agreement, the responsibility to act as operator of last resort if the franchise fails or is terminated early, and the responsibility to procure a new franchisee when the current franchise terminates.

The UK Government is wholly responsible for the other cross-border, franchised train services between England and Wales operated by First Great Western, Arriva Cross Country and Virgin West Coast Trains. It is also responsible for specifying and funding the rail infrastructure outputs that it wishes to buy in England and Wales.

Aviation and shipping issues in Wales are generally the responsibility of the UK Government.

The UK Government acknowledges the importance of good cross-border connectivity. We have established, good working relations with our Welsh Assembly Government counterparts and we will continue to build upon these to deliver effective transport systems and services linking Wales and England.

The benefits of this joint approach are demonstrated by the following rail examples:

- the completion of the West Coast Main Line modernisation scheme has permitted an enhanced timetable of services for North Wales with improved intervals and connections at Chester;
- the extension of Arriva Trains Wales Cambrian line services to Birmingham from their New Street terminus to Birmingham International has given passengers a direct service to the airport or conference centre and has improved the performance on this service.
- the Department for Transport is investing over £20m in infrastructure schemes to deliver extra rail capacity in Cardiff. On 2 June 2008 plans were outlined by WAG, the Department for Transport and Network Rail for a wider scheme that will also provide extra platforms, more frequent peak services and allow more freight to be carried on the rail network; and
- the Department for Transport is working collaboratively with the Welsh Assembly Government to develop a scheme which delivers both increased peak capacity and frequency enhancement on the Cambrian line between Aberystwyth and Birmingham International by use of additional rolling stock.

Further information is given in the detailed responses to the Committee's recommendations below.

Rail travel

1. The electrification of the Great Western Main Line is a real possibility in the coming years. This holds out the promise of a significantly better service for passengers travelling between London and Swansea. For social, economic and financial reasons, it is essential that electrification be extended along the whole South Wales route. We urge the Department for Transport to continue to work closely with the Welsh Assembly Government as plans are developed. (Paragraph 19)

On 23 July the Prime Minister announced a major programme of electrification to help create a 21st century railway, improve passenger journeys, cut carbon emissions and boost the economy. This followed detailed discussions between the now Secretary of State for Transport and the Deputy First Minister. The programme involves the electrification of just under 300 miles of track: the Great Western Main Line between London, Reading, Oxford, Newbury, Bristol, Cardiff and Swansea to be completed within eight years; and the route between Liverpool and Manchester (via Huyton and Newton-le-Willows) to be completed within four years.

The total cost of the programme is £1.1bn. The costs of electrification will be funded by Network Rail and supported by the Government. Over the medium term the programme will pay for itself through lower train and track maintenance, operating and leasing costs.

The Great Western Main Line electrification will be integrated with both the £425m upgrade of Reading station and the £16bn Crossrail project. It will also have a positive

impact on the case for rail access to Heathrow from the West. Such projects will benefit a wide area including cross-border passengers.

This is a central part of the Government's plan to move the UK onto a permanent low carbon footing and to maximise economic opportunities, growth and jobs. The electrification programme radically affects the requirements for new trains over the next decade. In particular, there will be far less need for diesel trains and a greater requirement for electric trains. We will publish a new rolling stock plan in the autumn, taking account of these changed circumstances.

Electrifying these two lines alone will increase the proportion of electric train journeys from 60% to 67%. Electrification, combined with other improvements to the track and signalling on the Great Western Main Line will reduce minimum journey times between London and Swansea by 19 minutes. It is also expected that introducing the new Super Express trains on the London to Swansea line will increase capacity on intercity services during the morning peak hour by at least 15%.

We will continue to work closely with the Welsh Assembly Government as plans to implement electrification are developed.

2. The electrification of the Wrexham–Bidston line would provide a significant improvement in cross-border rail services between Wales and England. It is disappointing that negotiations appear to have broken down on this scheme, which would offer an effective solution to an area currently suffering from a dearth of public transport. We urge all parties to renew efforts to develop an affordable proposal for electrification of the line. (Paragraph 26)

Arriva Trains Wales (ATW) services within Wales and across the border to Bidston are specified and funded by the Welsh Assembly Government, who also manage the ATW franchise agreement. The Department for Transport specifies and funds infrastructure provision in England and Wales.

We recognise the importance of good transport links on the Wirral and in Deeside. Department officials regularly discuss ATW performance and service issues with rail officials in the Welsh Assembly Government. They also keep in touch with Merseytravel. In addition, local authority representatives meet the Welsh Assembly Government and ATW in a Cross Border Forum specifically to discuss ATW's cross-border services.

We welcome the co-operation that has taken place between Merseytravel, English and Welsh transport authorities and the Welsh Assembly Government to examine potential improvements to the Wrexham-Bidston rail line. Welsh Assembly Government, Department of Transport and Merseytravel officials have kept in close touch regarding the progress of feasibility studies looking at electrification.

The Department wishes to promote and develop cross-border links with Welsh transport authorities and with the Welsh Assembly Government, although the ability to contribute towards scheme costs will very much depend on the priority awarded to specific schemes by the North West Region, and on existing financial commitments and constraints. On 2

December 2008 the Welsh Assembly Government published its own Rail Forward Programme.

The creation of a business case, working with Network Rail and the rail industry, is the essential first step in taking forward any rail proposal. We note that Network Rail's cost estimates have increased significantly—bringing down the cost of electrification is the key to progress in this case and more generally. If costs can be reduced and funding identified, it would be for Merseytravel to consider whether a scheme is suitable to promote for major scheme funding via the Regional Funding Allocation process. It would also be for the Welsh Assembly Government to consider the contribution it wanted to make to the scheme. Meanwhile, improvements to the existing diesel service are a matter for ATW and the Welsh Assembly Government.

3. We were reassured that the Severn Tunnel will remain operational for a long time to come, despite the need for regular maintenance. In the longer term, if cross-border Services are to be enhanced, a successor to the Severn Tunnel may be required. Any plans for a Severn Barrage which may emerge must consider the possibility of a rail crossing as a serious option. In view of the damage that is being done to public confidence, action is required in the short term to cut the significant, substantial and poorly advertised nature of service disruption at weekends. (Paragraph 33)

Electrification and Super Express trains will provide additional capacity and quicker journeys for long distance passengers on the Great Western Main Line from 2016. The existing road and rail links across the Severn estuary are sound and published studies by Network Rail and the Highways Agency have shown that the existing links have the capacity to meet the forecast increase in demand over the next two decades. The Government's Phase One consultation on Severn Tidal Power did not produce any evidence to invalidate these conclusions. Transport links are therefore not being considered as part of the feasibility study.

If a barrage or lagoon is built it would probably be in place for hundreds of years. If new transport links are needed beyond 2025-30, it would be feasible to accommodate suitable foundations either as part of the design of a barrage (but not a lagoon) or subsequently by developing a design that adapted the existing structure for a future transport link. Further specific assessments would need to be undertaken at that time. A road or rail link on a barrage across the Severn estuary would not necessarily be a cost effective solution as it would need to be elevated to provide adequate clearance for vessels to pass through locks.

As regards service disruption, Network Rail aims to notify operators of all engineering possessions at least 12 weeks before the work. This is to enable altered arrangements to be put in place and passengers to be informed. Currently 97% of possessions meet this timescale.

Network Rail will be investing almost £4 billion on an intensive track renewals programme to further improve the network between 2009 and 2014. The Office of Rail Regulation is satisfied that this funding provides for track renewals and maintenance activities that are sufficient to maintain safety and the quality of the rail network.

Of course there will be times when sections of the railway must be closed to allow essential works to take place, but it is important that everything possible is done to maintain a service for railway users. We are discussing a mitigation strategy with senior figures from across the rail industry, and are encouraging a greater role for Passenger Focus in the possession planning process, to reduce reliance on replacement bus services. Network Rail's Seven Day Railway initiative seeks to balance the need for improved late night and weekend services with the need for engineering access by providing a consistent and standard replacement timetable. The concept is being developed by Network Rail with industry stakeholders by examining appropriate route sections.

Many operators have implemented innovative ways in which planned possessions can be advertised to passengers, such as the use of the passenger information systems, audible station announcements, the National Rail Enquiry System and operators' own websites. We will highlight the Committee's concern to First Great Western.

4. Along with many of our witnesses, we are deeply disappointed by the decision of the office of Rail Regulation to reject the redoubling of the Swindon–Kemble single track stretch. The strategic importance of this route to Wales as an alternative to the Severn Tunnel or as an alternative EU TEN route to Ireland has not been recognised. We commend the Welsh Assembly Government on its continuing attempts to secure funding for this work and we look forward to the results of the feasibility study in due course. We call on the Secretary of State to urge the Office of Rail Regulation to reconsider its decision, making a fresh and objective assessment of strategic benefits as well as local ones. (Paragraph 39)

The independent Office of Rail Regulation has published its Final Determination of Network Rail's funding for the period between 2009 and 2014. Its decision not to include provision for the re-doubling of the Swindon-Kemble line followed several months of careful consideration by the ORR of evidence presented by a number of parties including Network Rail, local authorities and regional bodies.

While the indications are that redoubling the route would bring benefits for the region and for Wales, all the Government's funding via the High Level Output Specification process for the 2009-14 period has been fully allocated to schemes that had a greater contribution to make in enhancing existing capacity on overcrowded routes and improving performance.

We are committed to working with the rail industry to make the case for redoubling. The South West Regional Development Agency, the Department and the Welsh Assembly Government have jointly funded an investment study by Network Rail which should be completed by March 2010. The South West Regional Development Agency has also submitted a bid for £20 million as a contribution to the scheme as part of their short-term commitments in the South West Regional Funding advice for 2009 to 2019. Pending the outcome of the study this still leaves a funding shortfall of over £20m.

Network Rail is taking forward electrification of the Great Western Main Line and proposes to minimise disruption by using construction techniques that make extensive use of overnight closures of not more than eight hours. The application of modular techniques and rapid delivery systems will be key to achieving this objective, as will be the use

construction techniques which are capable of working with the adjacent line open to traffic.

At this stage it is not yet known whether the electrification work will require significant extra closures of the Severn Tunnel or whether this asset, too, can be electrified within normal engineering arrangements. The Department for Transport has met with Network Rail to discuss accelerating parts of the Swindon—Kemble investment study so that there is more certainty about costs by the end of this year, and so as to contribute to the detailed development of the electrification plans.

5. Wales would benefit enormously from a high speed line linking South Wales and London, bringing significant economic benefits. The case must be made now for investment in such a project, to ensure Wales is not excluded from the emerging Europe-wide high speed rail network. We recommend that the Welsh Assembly Government be invited to join the Networks Strategy Group in order to provide a voice for Wales in the decision making process. (Paragraph 42)

Reports by Network Rail and Greengauge 21, an organisation supporting and promoting a High Speed Rail network, have made a powerful case for high-speed rail in Britain. The potential benefits are considerable in terms of extra rail capacity, faster journey times, and carbon reduction improvements.

High Speed 2, the company set up by the Government to prepare a high-speed rail plan, will take full account of this work as it undertakes its detailed planning work in the coming months. The company will submit a detailed route proposal to the Government by the end of this year for a line from London to the West Midlands, with options to extend the line to Scotland and the north of England.

Expert opinion is now broadly agreed that high speed rail is necessary for the country's future prosperity and that over time we should be seeking to develop a network. The Department for Transport's Network Strategy Group no longer meets, but we will continue to discuss rail strategy with the Welsh Assembly Government.

The UK Government intends to work closely with all the devolved administrations to ensure as consistent an approach as possible regarding high speed rail development. Statutory consents for any type of cross-border rail project would be handled in accordance with the devolution settlement.

6. We suggest that the Welsh Assembly Government take the lead in trying to find a way of opening new opportunities for rail services and that this Committee and the appropriate Assembly committee work together to promote and support such a new approach. (Paragraph 43)

We note this recommendation addressed to the Welsh Assembly Government and scrutiny committees.

7. Park and Ride car parks at railway stations must be seen as an essential part of the overall journey for cross-border passengers. Facilities are currently inadequate in terms of numbers, capacity, location and security both for the users and the vehicles themselves. Car parks are of particular importance in rural areas where distances to the station are long, car ownership is high and park and ride facilities are an essential part of the integrated public transport provision. In urban areas such as Cardiff, Swansea and Wrexham their provision arises from a need to reduce congestion. The need for significant improvements and investment in car parking must be taken into account and included in future franchising arrangements for the rail network. (Paragraph 47)

The Welsh Assembly Government is responsible for specifying and funding the great majority of the next Wales and Borders franchise and station car parking is a devolved issue in the case of stations managed by Arriva Trains Wales.

Operators should have every incentive to put adequate car parking in place because more passengers means more revenue. The Department for Transport will always work with train operators, local authorities and Network Rail to ensure that car parks (and cycle parks) meet the needs of passengers.

Recent rail franchises awarded by the Department for Transport have included commitments to provide new car park spaces.

The Government has asked two station champions, Sir Peter Hall and Chris Green, to advise it on ways to improve stations, focussing on getting the basic facilities right as well as considering the broader role of stations in the future. The review is looking at how developments such as better station management, future franchise agreements, Network Rail initiatives, and longer term investment can help to deliver better stations. It is also looking at what else can be done to enhance stations as transport interchanges and community institutions. As part of this work, the Champions are considering the need for adequate car parking provision.

We are already backing the concept of Station Travel Plans to improve access to stations. The Association of Train Operating Companies is leading a programme of 24 pilots covering 31 stations. A formal launch of the action plans for these pilots took place on 19 June 2009. The impact of the schemes will be assessed in autumn 2010 and autumn 2011, and the results will be shared with train operators and local authorities. Train and bus operators have also been collaborating to produce a best practice guide on ways to help passengers with their end-to-end journeys. The guide was launched on 24 June 2009. We have also mandated 30 additional station travel plans as part of the new South Central franchise.

8. The severe overcrowding that is currently being experienced on many cross-border rail services is unacceptable. We conclude that in many cases, overcrowding is the result of poorly designed franchises which paid no heed to industry forecasts for passenger growth. This has resulted in the need for significant additional expenditure on the part of the Welsh Assembly Government, for which it should be compensated by the Department for Transport. We commend the Assembly Government on its commitment to extending train services where possible, but we urge all parties to work together to ensure that a realistic view of rail passenger growth is adopted in future

franchise arrangements, taking into account elements affecting passenger demand other than general economic growth. (Paragraph 58)

The Government's rail franchising model is robust and is helping to deliver a better railway. It aims to balance the opportunities for commercial innovation with protecting passengers' and taxpayers' interests. Revenue from rail franchises is enabling the Government to make record investments in upgrading the network and services on it.

When the rail franchising system was examined by the National Audit Office in 2008 it found that the system was delivering good value for money and steadily improving services. Passenger numbers are now at their highest levels since the 1940s, punctuality is over 91% per cent and overall passenger satisfaction is steadily rising.

The National Audit Office report noted that the Department for Transport's approach to rail franchising "produces generally well thought through service specifications and generates keen bidding competition". The Public Accounts Committee subsequent report on rail franchising concluded that the Department had delivered to planned timescales and protected taxpayer interests while improving rail performance. The Department is committed to working with train operators and Network Rail to improve passenger satisfaction and to reduce the number of passengers who have poor experiences on rail journeys.

Rail forecasts are commonly prepared using an incremental 'elasticity' based method or model. In this approach the Department for Transport seeks to determine a statistical relationship between the observed demand for rail services and variables representing those factors (such as income, employment, service quality, and fare) that affect the demand for travel. Subject to the devolved rail responsibilities, the Department for Transport has ensured that the needs of Wales have been considered and dealt with on the same basis as major English cities via the process for the High Level Output Specification (HLOS). Passenger growth in Cardiff was therefore assessed in exactly the same way as that in Birmingham or Manchester.

After discussions with the Welsh Assembly Government and with the six English Passenger Transport Executives, the Department concluded that the established industry forecasting methodology did not explain fully the growth in the last five years in major city rail commuting outside London. An *enhanced* high peak growth rate of 15% for the five years to March 2014 was therefore agreed with Welsh Assembly Government officials and this was used for the HLOS calculation.

However, forecasting is not an exact science. There is less precise information on passenger numbers in urban areas outside London, and the relationship between economic growth and rail demand is less well understood, especially where significant changes in employment patterns have occurred in recent years such as the growth in city centre service sector employment replacing jobs focussed more on heavy industry. It is noted that these changes were equally not forecast by franchise bidders and Government. All urban areas therefore need to plan flexibly for the future. The Department has a programme of work, in conjunction with the rail industry, to improve rail passenger demand forecasting methods.

Reliability and capacity are amongst the top passenger priorities. As a result, the 2007 Rail White Paper aims to deliver a network capable of handling a 22.5% increase in passenger numbers by 2014. For the long term, the Government's aim is a network able to carry double the current number of passengers. The Rail White Paper requires improvements in performance, safety and capacity; and commits to the delivery of additional carriages and a range of other improvements which will deal with those pockets of crowding on cross-border services. These improvements include: major upgrades at Reading and Birmingham New Street; capacity increases for each Network Rail strategic route and in Leeds, Manchester, Birmingham, Sheffield, Cardiff, Bristol, Liverpool, Leicester and Nottingham new Super Express trains offering greater capacity and environmental performance than existing trains; and a significant number of additional carriages on the most congested parts of the network by 2014.

The delivery of extra passenger capacity is closely linked to the timely delivery of Network Rail's infrastructure programme. In some cases, the additional capacity will be secured through the procurement of new rolling stock or re-deploying existing rolling stock. Train Operating Companies are working with the Department for Transport to deliver additional carriages. The deals already signed include longer trains on the West Coast Main Line and enhancement of services between East Anglia and London. More deals are expected to be announced this year.

Additional rail vehicles are currently being discussed or negotiated with train operators including First Great Western and Arriva Trains Wales. The Department for Transport is working collaboratively with the Welsh Assembly Government to develop a solution which delivers both increased peak capacity and frequency enhancement on the Cambrian line between Aberystwyth and Birmingham International by joint use of additional rolling stock.

An initial Department for Transport Rolling Stock Plan was published in January 2008. It was subsequently revised in July 2008. A further revision will be published in autumn 2009, taking account of rail electrification plans.

As regards funding, there is no case for the UK Government to compensate the Welsh Assembly Government for any additional expenditure on the Arriva Trains Wales franchise. Responsibility for dealing with passenger growth comes with devolved responsibility for specifying and funding the franchise.

The transfer of resources to the Welsh Assembly Government in relation to the subsidy requirement for the Arriva Trains Wales franchise from April 2006 was agreed between the Department and the Welsh Assembly Government. This transfer fully reflected the HM Treasury Statement of Funding Policy (*Funding the Scottish Parliament, National Assembly for Wales and the Northern Ireland Assembly, July 2004*). The transfer was consolidated into Department for Transport and Assembly baselines and it was agreed that no further funding transfers would take place, subject to the principles referred to above.

9. Passenger Focus has identified inter-franchise connections as one of the main sources of dissatisfaction with cross-border services amongst passengers. At present there is no incentive for different train operating companies to provide connecting services or to ensure that connections are maintained when there are delays. Indeed,

there is a potential disincentive as their own train statistics would suffer through no fault of their own. We recommend that all new franchises include a clause requiring train operating companies to co-ordinate timetables both with one another and within their own network, to ensure passengers are able to make connections easily. Train operating companies must have clear contractual requirements to hold connecting trains for a reasonable time if incoming trains are late, or for the operator of the late train to provide suitable alternative travel as near as practicable to the train times advertised. (Paragraph 63)

The development of a robust timetable demands dialogue not only between Network Rail and train operators but between the bidders themselves, and dialogue between bidders and their customers or customers' representative bodies. The industry decision criteria include maintaining and improving connections between railway passenger services.

The Department for Transport's franchise agreements already require the franchisee to co-operate with other train operators in respect of their timetable development rights. This obligation is with a view to ensuring that levels of overcrowding are minimised; that the stopping patterns of services are placed at approximately evenly-spaced intervals; and that a reasonable pattern of service is provided to enable passengers to make connections (particularly where low frequency services are operated or last trains are involved, taking account of seasonal fluctuations in passenger demand and the time needed to make any such connection).

As the Committee noted, in oral evidence representatives of the train companies said that they had revised their services in order to improve connections. For example, ATW said that it had rewritten its timetable for December 2008 around changes to the Virgin West Coast service to provide the best possible connections at Chester and other interchange hubs. This is a good example of the franchise obligation working.

Under normal circumstances trains are not held at any station to connect with late incoming connecting services. This is because train operators have to take into account the wishes of the majority of passengers already on-board and waiting to join at other stations. In addition, delaying trains to make connections results in the loss of timetable 'slots' on the network, causing an increasing build-up of delays for all passengers.

10. We welcome the commitment from Ministers in the Department for Transport and the Welsh Assembly Government to greater consultation in the determination of future rail franchising arrangements, but this consultation must be genuinely productive. Current problems with overcrowding and poor connections on the rail network are due in large part to a fragmented structure which fails to meet the needs of cross-border passengers. Wales must have a greater voice when franchises are renewed and the Welsh Assembly Government should play a central role in the process of awarding cross-border franchises. (Paragraph 66)

The Government repeats its commitment that the Department for Transport will consult very fully with the Welsh Assembly Government on the renewal of cross-border franchises for which the Department is responsible. The Welsh Assembly Government is already

responsible for the specification and funding of cross border services operated by the Wales and Border franchise.

The Department emphasises the important role of the Welsh Assembly Government and of local transport authorities in the franchise *specification* process. This is the stage when authorities should provide robust views on all aspects of rail provision, and should set out their aspirations for service and quality clearly and in full. By far the most important role for these authorities will be to provide good quality, focussed and timely input to the Department's specification process, before the invitation to tender is issued to bidders.

Regular and constructive meetings between the Department for Transport, the Welsh Assembly Government and relevant local authorities are clearly important. However the Department cannot guarantee that all aspirations (even with a positive business case) will be included within a franchise specification as affordability is a key consideration.

11. Performance measures suggest that services provided by First Great Western have improved in recent months, but this is from a very low base. The company still has a long way to go towards providing a robust and punctual service with which cross-border passengers can be satisfied. In recent years, Members with constituencies in South Wales have watched major improvements in services to areas north of London with considerable jealousy and it is accepted that improvements have not kept pace on First Great Western Main Line services. There have been some improvements recently but these remain minor and the general level of service is unacceptable. We urge Ministers to press Network Rail to give priority to driving up performance in the short term and most importantly to plan for earlier electrification than has been contemplated so far. We also note the importance of later running trains from South Wales in order to enable local authorities and businesses in South Wales to promote their strengths in entertainment, sport and tourism in a way that is comparable, for example, to Bristol and cities in Yorkshire. We are particularly concerned that while we became satisfied about the long-term viability of the Severn Tunnel, so long as it is regularly maintained, the pressures on maintenance leads to considerable disruption to services at weekends. Delays and disruption are a serious problem for travellers and do damage to the economy of South Wales. We strongly urge the Secretary of State for Transport to take a fresh initiative to deal with the issues of electrification and timetabling on the Great Western Main Line. (Paragraph 72)

The Government's High Level Output Specification (HLOS) sets performance outputs from 2009 to 2014. The Public Performance Measure (PPM) combines figures for punctuality and reliability into a single performance measure. For England and Wales, the PPM is targeted for 92.6 percent by 2014.

The Transport Minister has regular meetings with senior rail industry representatives to discuss current performance and the action being taken to improve performance. If a franchised train operator falls below defined, contractual levels, the Department for Transport can require it to produce a remedial plan, which sets out measures to restore performance, sets target dates and becomes part of the contract with the operator. If the operator's performance continues to deteriorate, the Department can ultimately terminate the franchise.

In the case of First Great Western, for example, the Department for Transport imposed a Remedial Plan Notice for exceeding the threshold on cancellations. First Great Western's performance has improved very significantly as a result with 92.7% of trains arriving on time in the four weeks to 25 July 2009. In her statement on 26 February 2008, the then Secretary of State for Transport also announced that, in addition to the Remedial Plan, First Great Western had offered a package of passenger benefits amounting to £29 million. The continued delivery of this package is contractually separate and is not affected by the ending of the Remedial Period.

There are a significant number of major enhancement schemes planned for the Great Western Main Line. These schemes include the electrification of the Great Western Main Line to Swansea; the Intercity Express Programme (IEP); the European Rail Traffic Management System (ERTMS); the Reading Station Area Redevelopment and Crossrail. Although predominantly within the Thames Valley area, these schemes will resolve a number of current and future issues across a much wider area. The delivery of these schemes will significantly improve the capacity and capability of the network.

The rail industry's Route Utilisation Strategies (RUSs) seek to establish the strategic direction of the GB railway from a systematic analysis of future requirements of the network. They seek to balance capacity, passenger and freight demand, operational performance and cost whilst addressing the requirements of funders and stakeholders. Network Rail has invited comments on the Great Western RUS by 27 November 2009 and is working towards publication of the Final RUS for the Great Western route in early 2010.

The key themes that have emerged through the draft Great Western RUS are the need for additional capacity to handle increasing demand from both passengers and freight users; the need to address performance issues on key parts of the route; and local connectivity for improvements in journeys into or between key cities and regional centres, including to and from those outside the RUS area such as Birmingham and Portsmouth. The RUS proposes faster journey times between South Wales and London for peak business flows. In addition, a review of the service proposition on the Cardiff to Portsmouth route results in the recommendation of one morning and one evening peak service becoming a faster service through the removal of a number of intermediate station calls between Westbury and Bristol Temple Meads. A separate stopping service would be introduced between Westbury

and Bristol to cater for passengers at these stations. This option would provide additional capacity as well as a significant improvement to journey times.

As regards the Severn Tunnel, Network Rail advises that this asset needs a specific cyclical renewal programme to maintain performance and safety. A six-year cycle requires that a full renewal of the track and a detailed civil engineering inspection takes place. The Severn Tunnel is maintained on a recurring midweek night frequency with reversible working over one line. Network Rail advises that in 2009 and 2010 there will be additional and continuous engineering work taking place in the Severn Tunnel area as part of the Newport Area Signalling Renewal. This will require diversions of freight and passenger services on either side of the tunnel as a feature of the timetable.

Network Rail's Seven Day Railway initiative seeks to balance the need for improved late night and weekend services with the need for engineering access. The concept is being developed by Network Rail with industry stakeholders by examining appropriate route sections.

The Office of Rail Regulation (ORR) has allocated £160 million nationally to assist in the development of the Seven Day Railway initiative. The Seven Day Railway programme of change will increase current levels of network availability by keeping passengers on trains rather than rail replacement buses during engineering works.

The funding for the Seven Day Railway initiative will be spent on infrastructure enhancements such as crossovers and bidirectional signalling; plant and equipment to facilitate working under the new access patterns; and protection systems for staff as well as changing Network Rail's work methods. Network Rail's overall vision for the Seven Day Railway initiative on the Great Western is to build a railway that reduces disruption to all customers (passenger and freight) and better meets their needs, whilst delivering efficient and effective maintenance, renewals and enhancements.

12. Cross-border Services between mid-Wales and England record significantly lower levels of passenger satisfaction than elsewhere. We urge Arriva Trains Wales to take immediate action to improve capacity and services in this area, which are currently falling well short of expectations. (Paragraph 76)

We note this recommendation addressed to Arriva Trains Wales (ATW). The Welsh Assembly Government is responsible for the management of the Arriva Trains Wales franchise. The performance of this cross-border service is monitored and it is discussed at each meeting of the Cross Border Forum of local authorities, the Welsh Assembly Government, the Department for Transport and Passenger Focus.

At the September meeting of the Forum ATW reported that the Public Performance Measure (PPM) for the Cambrian line had much improved and that it was now closer to the rest of ATW's services. As a result, ATW said that complaints had reduced dramatically. A major factor in this improved punctuality and reliability has been the onward extension of ATW services to Birmingham New Street to terminate instead at Birmingham International, which is less congested. As a result of this revised specification by the Department for Transport, Cambrian line passengers have a new direct service to the airport and conference centre. In addition, ATW has no longer regularly needed to turn back services at Wolverhampton because of congestion and late running.

ATW also told the Forum that it was pleased and encouraged by the general increase in customer satisfaction which reflected the implementation of many key projects throughout 2008. However, ATW said that it realised that there was still work to be done to deliver the levels of service that would meet its customer's needs.

As described in response to recommendation 8 above, the procurement of additional rolling stock is currently being discussed with train operators. The Department for Transport is working collaboratively with the Welsh Assembly Government to develop a solution which delivers both increased peak capacity and frequency enhancement on the

Cambrian line between Aberystwyth and Birmingham International by the joint use of additional rolling stock.

13. The current shortage of rolling stock is contributing to serious overcrowding on cross-border services, particularly for commuters in mid and South Wales. This is in part due to the Department for Transport's failure to forecast passenger demand correctly. At present, the situation is being managed through short term transfers of rolling stock between congested areas. This is not sustainable. We urge the Department for Transport and the Welsh Assembly Government to work with train operating companies to find a viable solution as a matter of urgency, providing more carriages on cross-border services between Wales and England. (Paragraph 81)

Our response to recommendation 8 deals with the Department for Transport's approach to rail demand forecasting. The Department is working with the Welsh Assembly Government and train operators to deal with the pockets of overcrowding on cross-border services, as described in our response to recommendation 8 above.

14. It is not clear to the Committee that the decision to change the fares structure for services from North Wales to London by Virgin Trains was subject to proper consultation. Some changes have now been made, but passengers buying tickets on the day still face very high charges. For those passengers who are unable to plan their journey in advance, we do not believe that the present fares offer fairness or value for money. (Paragraph 83)

Fares revenue and subsidy together have to cover the costs of providing the rail service. Lower fares would place a higher burden on the taxpayer and reduce the funds available for the single biggest programme of investment in the train service for a generation.

The July 2009 RPI figure of minus 1.4% means that the majority of regulated fares for Department for Transport franchises, including most commuter fares, will fall in January 2010. This is good news for passengers. A drop in fares should encourage more people to travel by train, which is good for the economy and the environment.

The Government has also taken away the flexibility for its franchised operators to raise individual regulated fares by up to 5% above the average increase, protecting passengers from unduly steep rises in regulated fares next year. From January 2010, the RPI+1 per cent formula must apply to each individual regulated fare. This Government announcement applies to the inter-city, cross border franchises serving Wales (First Great Western, Arriva Cross Country and Virgin West Coast)

Since 1997 regulated fares have risen by about 5 per cent in real terms while disposable income has increased by over 20 per cent. Over 60% of all rail journeys are on regulated fares. The most expensive fares, First Class Anytime and Standard Anytime, which are unregulated for long distance journeys, account for only 20% of journeys on long distance operators.

Anytime tickets are not the only ones available to walk-on passengers. Off-peak fares are also available on the day and, as their name implies, are generally valid on all but peak services. They are used for 30% of all journeys and can offer very large savings compared

with the Anytime fare. We will consider tightening the rules in respect of timing restrictions placed on off-peak fares for future franchise agreements. For those who can book ahead, there are some very cheap deals indeed available on Advance fares.

15. Rail services provide vital cross-border links with significant movements of people between Wales and England each day. The main delays to cross-border rail services are being caused by inadequate infrastructure and incoherent franchising arrangements, in addition to the performance of individual train operating companies. (Paragraph 84)

We recognise the significance of cross-border rail services and our plans for the period 2009 to 2014 focus on improving performance, capacity and safety (see also our response to recommendation 8 above). Our High Level Output Statement for 2009-2014 incorporated our best estimate of future demand and specified £10 billion of additional investment in the railway over the coming years to cater for it.

In its regular monthly update, Network Rail announced on 7 October 2009 that performance in the period 23 August to 19 September 2009 proved to be one of the highest since recording began ten years ago with 93.6% of trains in Great Britain arriving on time (provisional figures). Eleven of the nineteen train operators saw their performance improve compared to the same period in 2008. Four operators, including Virgin Trains and Arriva Trains Wales, saw significant movement in their performance (over three percentage points).

16. Our evidence strongly suggests that cross-border rail services need to be considered in a much more 'joined up' way. Electrification and redoubling schemes should not only be evaluated on their local benefits, but need to be viewed strategically in a wider regional context. Equally, there is significant scope for improvement in the coordination of the different rail franchises. There is far too much fragmentation in the rail system at present. We were assured by the Minister that the Department for Transport is working to correct this. This will require sustained engagement with the Welsh Assembly Government, which does not always seem to have occurred in the past. (Paragraph 85)

The Rail White Paper 2007 requires improvements in performance, safety and capacity; and commits to the delivery of additional carriages and a range of other improvements which include benefits for travellers to and from Wales. We will continue to engage closely with the Welsh Assembly Government as this major investment programme is delivered.

We will also continue to ensure that transport investment decisions are made in the light of the best possible advice on benefits, and that investment secures good value for money. Our decision to electrify the route between Swansea and London demonstrates our strategic approach to evaluating investment. We also recognise the wider benefits of redoubling the Swindon-Kemble line for use as a diversionary route to and from Wales.

Passengers on cross-border routes are benefitting from a good level of coordination of franchises and further improvements are planned. For example: the extension of ATW's Cambrian line services to Birmingham International is related partly to the new timetable for the modernised West Coast main Line; and in North Wales, the coordination of timetables by the industry has resulted in an even interval ATW timetable with connections at Chester for Virgin West Coast services. Looking ahead, we are working

closely with the Welsh Assembly Government on a collaborative solution to deliver both additional peak capacity between Shrewsbury and Birmingham, and the Welsh Assembly Government's aspiration for an enhanced frequency between Aberystwyth and Shrewsbury.

Road travel

17. We do not agree with the Minister that “Welsh-English strategic routes are given the priority that they need and the investment that they need”. We have heard of a number of cases where routes of strategic importance to those travelling between Wales and England are not receiving the investment they need because they are not seen as local priorities for the English regions. Because of the geography of Wales and its long, porous border with England, transport issues require the sort of joined up approach advocated in the recent Calman Report on Scottish devolution. The Welsh Assembly Government should show that it is considering cross-border movements in its transport strategy. Similarly it is not acceptable for the Department of Transport or its Ministers or agencies to leave it to local and regional authorities to deal with these issues, given their limited budget and remit. Co-ordinated action is needed between the Department for Transport and Welsh Assembly Government to provide funding for key routes such as the A483, where there is agreement that these roads are of strategic importance. (Paragraph 93)

With the move to new funding arrangements for trunk road schemes in 2005/06 the A483 was classified as a route of regional importance with funding for the scheme coming from the West Midlands Regional Funding Allocation (RFA). Government does not expect funding to come from local authorities or regional development agency budgets. The West Midlands RFA represents a substantial sum of central government spending on major schemes in the region and is allocated according to priorities identified at regional level.

Given other pressures and priorities the region did not recommend that this scheme should be included in its programme to 2016 and Ministers accepted this advice in July 2006. The scheme is therefore no longer included in the programme of major schemes currently being progressed by the Highways Agency.

18. The enactment of the Planning Act 2008 means that there are now different planning regimes in England and Wales in respect of highways. This introduces further fragmentation into an already uncoordinated system. Whilst we are not aware of any imminent cross-border road schemes which would be large enough to qualify for consideration by the IPC in England, this cannot be ruled out for the future. We would caution Ministers that close engagement between the Department for Transport and the Welsh Assembly Government will be needed in order to avoid delays. (Paragraph 97)

The Planning Act 2008 is key to delivering the energy, transport, water and waste processing we need as a nation—part of the Government's wider programme, with the Energy and Climate Change Acts, to protect our prosperity and quality of life, and safeguard the environment in an increasingly competitive global economy.

The new system will streamline planning and make it more accountable; improve public consultation and make it easier for communities to engage in decisions which affect them; and ensure planning supports sustainable development.

Under the devolution settlement there are already different planning consent regimes for highways. Any cross-border schemes on the strategic road network would continue to be developed jointly by the Highways Agency and the Welsh Assembly Government as at present. But under the Planning Act the Agency would now submit its application to the new Infrastructure Planning Commission instead of to the Secretary of State as at present. The Welsh Assembly Government would continue to secure the necessary consent(s) under the appropriate devolved arrangements. The new procedures fully accord with the devolution settlement, and have been agreed with the Welsh Assembly Government.

The Department recognises the need for close and effective co-operation with the Welsh Assembly Government over the planning process for any future cross-border highway schemes, and does not envisage that the new regime will result in delays to planning consents.

The Planning Act makes no changes to the arrangements for local highway schemes, which would continue to be dealt with separately on each side of the border under pre-existing planning legislation.

19. The funding mechanisms and entitlements for concessionary bus passes in Wales and England are not currently compatible. While this may have arisen partly from the fact that Wales was the pioneer in free travel, and whereas arrangements have been put in place to deal with most anomalies in very local travel across the border, it is now time to remove the anomalies for those travelling longer distances. Older people in particular find the anomalies irritating and we also consider that encouraging cross-border travel through concessions will produce considerable economic and tourism benefits for communities on both sides of the border. We are not convinced that this has been seriously considered and explored at a strategic level. As long as this issue falls 'below the radar' for all concerned, the anomalies will continue and the full benefits will not be reaped in England or Wales. We understand that there are both financial and logistical obstacles to be overcome in establishing mutual recognition, but we are encouraged by the Minister's suggestions that this would be possible in the longer term and that the legislative basis for mutual recognition is already in place. We will continue to monitor this issue. (Paragraph 104)

The Government continues to work closely with our Welsh Assembly counterparts on concessionary travel matters. Concessionary travel is a devolved issue and the scheme in Wales differs from the arrangements in England regarding the available times, types of eligible service and the funding and reimbursement arrangements.

The Concessionary Bus Travel Act 2007 contains a power which, subject to the agreement of the Devolved Administrations, could allow for mutual recognition of bus passes across the UK in the future. However, the Government has no plans to introduce this at present. After the considerable changes made by the England-wide concession, there is a need for a period of stability while the new concession beds in.

The complexity and cost associated with mutual recognition of bus concessionary travel passes in England and Wales is likely to be considerable. There are issues around how operators will be properly reimbursed (given the differing arrangements in place), by whom, and whether the terms of the different concessions would have to be harmonised (for example, the Welsh scheme includes all day travel as compared to the off-peak only travel provided in England).

Until we understand the impact of the national bus concession in England it is very difficult to accurately cost the mutual recognition of passes across the UK. Based on some research commissioned by DfT in 2008, it is estimated that the cost of mutual recognition of passes across Great Britain (i.e. not including Northern Ireland) would be at least £11m per annum. However this does not include the costs of any harmonisation of the schemes.

Local authorities neighbouring the Welsh borders may, at their discretion, offer concessionary bus travel into Wales as local enhancements to the current statutory minimum, based on their judgement of local needs and their overall financial priorities. Some destinations may be reached more easily by coach or rail. Concessionary half fares on scheduled coach services are available on National Express inter-urban coach services. Older and eligible disabled people already qualify for a third off most rail journeys on National Rail as the UK Government requires train operators to participate in the Senior Railcard and Disabled Persons Railcard schemes.

For longer distance travel, the UK Government promotes integration through its cross-modal journey information service, Transport Direct

20. Freight movements need to be considered at national and international level. The Wales Freight Strategy is a good example of a co-ordinated and inter-modal view of the sector which is supported by the creation of a key stakeholder group. Our evidence suggests that this could provide a useful template for freight strategy at a UK level and we urge the Department of Transport to adopt this model. We intend to return to look at freight in more depth in our inquiry into Ports in Wales. (Paragraph 110)

The Department recognises the approach taken in the development of the Welsh Freight Strategy. It is one that is broadly similar to the approach taken through the development of *Delivering a Sustainable Transport System (DaSTS)—The Logistics Perspective* which was published in December 2008. We already have an established multi-modal stakeholder group that includes representatives from infrastructure operators, freight companies and freight users.

21. We reiterate our view, expressed in previous reports of this Committee and shared by committees of the National Assembly for Wales, that separate Traffic Commissioners are needed for the Wales Traffic Area and the West Midlands Traffic Area. We are disappointed that the Department for Transport was not persuaded by the Welsh Assembly Government's arguments on this point. We again recommend that a dedicated Welsh Commissioner should be appointed with an office based in Wales. (Paragraph 116)

At present, Great Britain is divided into eight geographical 'traffic areas' with a traffic commissioner in charge of each one. There is a single traffic commissioner for Wales and the West Midlands, with the traffic area based in Birmingham.

Most of the activities of the traffic areas deal with licence applications, variations and disciplinary matters and are paid by the bus and lorry industries through fees. The Government, therefore, need to ensure that these services are provided as efficiently and cost-effectively as possible, minimising the financial and administrative burden on the industry, particularly in the current financial climate.

That is why, in 2007, most of the administration of the operator licensing system was centralised in Leeds. Centralisation delivers a better service to operators by providing a single point of contact and more consistent procedures across the country, as well as efficiency savings.

In view of this, the focus of the other traffic areas has shifted towards dealing with those cases that require the attention of the regional traffic commissioner, for example, disciplinary matters where an operator must attend a local public inquiry. At present, the Government does not believe that the overall volume of 'local' work supports the establishment of a dedicated traffic commissioner and traffic area office in Wales. For example, in 2008-9, the traffic commissioner and deputy commissioner held 109 public inquiries involving Welsh licence holders. This compares to 308 in the North East, 240 inquiries held in the Western traffic area and 205 in Scotland. In the West Midlands, there were 188 inquiries, which explain why the joint traffic area is based in Birmingham, not Wales.

The Local Transport Act 2008 has removed the legislative requirement in the Public Passenger Vehicles Act 1981 for a traffic commissioner to be appointed to a single traffic area. However, the existing traffic commissioners will continue to be administratively appointed to their 'home' area. This would create a pool of commissioners able to act in any traffic area. So, as the Report says, they could be deployed flexibly across boundaries where there are particular workload pressures. This will ensure that the operator licensing system continues to meet the future needs of the bus and lorry industry, and allow additional resource to be made available for dealing with Welsh issues, if future workloads required it.

22. Funding for community transport is fragmented, leaving users dependent on local arrangements which may or may not suit their needs. Co-ordination between local authorities needs to be strengthened so that a more consistent service is provided across border areas. (Paragraph 120)

We agree that Local Authorities should consider cross-border agreements and encourage these to be made locally. The Department for Transport's guidance on Local Transport Plans states:

'Under the Transport Act 2000, as amended by the Local Transport Act 2008, all local transport authorities are required to produce an LTP relating to transport to, from and within their area. In considering this duty authorities should bear in mind that patterns of transport use are not necessarily restricted by local authority boundaries. It is important that an LTP is a practical document, and where cross-boundary travel is particularly important to users, neighbouring authorities may wish to consider a joint Local Transport Plan.'
(Chapter 4, para 4)

In addition DfT guidance also states:

‘Authorities with boundaries adjoining the devolved administrations or London will also wish to consider how best to achieve collaboration and partnership with neighbouring interests’. (Chapter 4, para 8)

23. The cross-border road network connecting Wales and England serves those travelling by private car and by bus as well as a heavy freight load. The connectivity provided by this network supports economic and social development, providing links to work, health, educational and leisure activities and supporting national and international trade. A strategic approach must be taken to the management of this network, but at present, improvement is being held back by a lack of co-ordination. To overcome this, the Department for Transport and Welsh Assembly Government need to work together and with stakeholders to plan projects at strategic level. Some positive developments have taken place as a result of the Wales Freight Strategy and we urge all parties to adopt this as a model for future cooperation. (Paragraph 121)

DfT will continue to work closely with our WAG counterparts and stakeholders on all aspects of the cross-border road network between Wales and England including engaging, as appropriate, on specific issues of mutual interest. We will continue to identify where improvements can be made to ensure we build upon our effective and productive working relations. We acknowledge the positive developments that came from the publication of the Wales Freight Strategy.

Air travel

24. Many Welsh passengers rely on airports in England, either due to geographical proximity or because Cardiff Airport does not serve the destinations they need. However, public transport links from Wales to Liverpool, Manchester and Birmingham airports are inadequate, generating significant cross-border road traffic, which could be transferred to buses or trains. Efforts to improve the situation have been held back due to the lack of any cross-border strategic view or associated funding and regional authorities seem unwilling to look beyond their own borders. We recommend that a dedicated funding stream for cross-border bus services should be established. We further recommend that the Department for Transport should undertake a review of the competition regulations relating to train services to ensure that perverse phenomena (such as trains passing through Birmingham Airport station but unable to serve it) are eliminated. (Paragraph 130)

As noted in response to recommendation 12 above, the Aberystwyth–Birmingham New Street service operated by Arriva Trains Wales has been extended to Birmingham International, improving reliability and creating a new through journey opportunity to Birmingham Airport. The Department for Transport and the Welsh Assembly Government discussed the development of rail links to other airports in England at the September 2009 meeting of the rail Cross Border Forum. Arriva Trains Wales reported to the Forum that it planned to seek access rights to extend certain of its services between North Wales and Manchester Piccadilly to/from Manchester Airport, on a commercial basis.

The Government are of the view that Local Authorities should consider cross-border agreements and encourage these to be made locally. The Department for Transport's guidance on Local Transport Plans is stated in response to recommendation 22 above.

As far as concessionary bus passes are concerned, Welsh passes are not accepted in England, although some local authorities on the border have discretionary reciprocal arrangements in place.

25. Cardiff Airport needs to develop a greater range of services in order to compete with English regional airports. This would reduce the amount of traffic generated by passengers needing to travel across the border for air services in England. The experience of Newcastle Airport demonstrates that effective partnerships between airports and regional development agencies can bring significant economic and social benefits and we hope that Wales can learn from this example. We are encouraged by the Minister's assurance that improvements in the services offered by Cardiff International Airport are anticipated shortly and we eagerly await developments. (Paragraph 139)

We note that constructive engagement has taken place between Cardiff Airport's operator and the Welsh Assembly Government, leading to February's announcement of provisional support for the airport's proposed capital programme, subject to the normal State Aid clearance procedure. The Department for Transport would have little formal direct involvement with the proposed capital programme, although the Department would need to consider and approve any State Aid notification before it is sent to the European Commission for determination. DfT officials will be happy to remain in contact with Welsh Assembly Government counterparts on the issue.

26. Rail improvements in the Cardiff area would allow up to 3 trains per hour to call at Cardiff Airport station. We recommend that Network Rail should prioritise this work to ensure that access to and facilities at Cardiff Airport station compare favourably with those of airports in England. (Paragraph 140)

We note the Committee's recommendation addressed to Network Rail for improved access to and facilities at Cardiff Airport. Support for rail services to Cardiff Airport is a matter for the Welsh Assembly Government and this is therefore an issue to be pursued between the Welsh Assembly Government, Network Rail and Arriva Trains Wales.

The Department for Transport is currently funding infrastructure enhancements worth £20 million necessary to support capacity growth in the Cardiff area. This project has been developed in close association with the Welsh Assembly Government and Network Rail who are contributing to a package of major rail improvements in the Cardiff area.

27. Travel between Cardiff Airport and the M4 is difficult and can deter potential users from West Wales, Mid Wales, the Cardiff area, Gwent and communities outside Wales. A road link from the M4 has been under discussion for some years but little progress has been made. A consultation on the case for a 'park & ride' facility at the M4 junction and a fast bus link on a two-lane north-south road has been undertaken. Developments in this area, together with improved rail access, could make all the difference to the viability and future success of the airport. (Paragraph 141)

The 2003 *Future of Air Transport* White Paper acknowledged the need to improve surface access to Cardiff Airport, and that the Welsh Assembly Government was examining improvements to the road network west of Cardiff, including phased enhancements to the existing road network and the possible development of a new link from M4 Junction 34 of the M4. DfT would encourage continued initiatives to improve access.

28. The creation of new air routes to and from Cardiff Airport would not only bring benefits to Welsh passengers, it would also open up opportunities for the transport of air freight. In considering how it will support the development of Cardiff International Airport, the Welsh Assembly Government needs to include air freight as part of its strategy. (Paragraph 144)

DfT has noted the Committee's suggestion that the Welsh Assembly Government examines use of airfreight, when appropriate, as part of its airports strategy.

29. The potential for development of smaller Welsh airports is unclear and was not evaluated in the Wales Transport Strategy. We recommend that the Welsh Assembly Government should undertake further research in this area, to determine levels of demand and the likely viability of additional services from airports other than Cardiff. (Paragraph 147)

The 2003 *Future of Air Transport* White Paper acknowledged that several smaller active aerodromes operated in Wales, mainly air taxi and/or general aviation operations, such as Swansea. Other airfields were—and continue to be—used for military purposes, such as St Athan, Valley, Mona, Aberporth. The Government notes the Committee's recommendation that the Welsh Assembly Government should determine levels of demand and the likely viability of additional air services from smaller airfields other than Cardiff.

30. Opportunities for the promotion of Wales as a destination for inward visitors are being missed due to a lack of co-ordination between airports and VisitWales. This affects both tourism (with air passengers originating from outside Wales providing a greater economic benefit than Welsh leisure passengers travelling abroad) and inward investment. The Welsh Assembly Government may wish to review this relationship as soon as possible in order to maximise the benefits of air travel to Wales in the current difficult economic climate. (Paragraph 151)

DfT have noted the Committee's suggestion that the Welsh Assembly Government might review how VisitWales co-ordinates its promotional activities with airports.

31. Passengers in Wales often face long journeys to airports in England with poor public transport links. This affects not only those travelling out of the country, but also incoming passengers, who may be put off visiting Wales by long surface transport times. Greater co-ordination between the Welsh Assembly Government and its agencies and airports and English local authorities is needed in order to progress with improvements, which would bring economic benefits to borderland regions in Wales and England alike. (Paragraph 152)

DfT will continue to work closely with our Welsh Assembly Government counterparts and stakeholders on all aspects of the cross-border transport networks between Wales and England including engaging, as appropriate, on improving surface access to airports in England. As noted in our response to the Committee's recommendations 12 and 24 above, we have improved rail access to Birmingham Airport and facilitated coordinated discussion of rail access to Liverpool and Manchester Airports via the Cross Border Forum. We will continue to identify where coordination can be improved to ensure we build upon our effective and productive working relations.