



DEBATE PACK

Number CDP-2021-0168, 22 October 2021

Transport funding for Wales and HS2

Summary

There will be a [Westminster Hall debate](#) on 'Transport funding for Wales and HS2' on Tuesday 26th October 2021. The debate has been initiated by [Geraint Davies MP](#).

This briefing contains background information, parliamentary and press material, as well as suggested further reading which Members may find useful when preparing for this debate.

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

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1. Background

Overview of HS2: benefits and costs

High Speed Rail 2 (HS2) is a major project to build a high-speed rail line from London to Manchester and Leeds, via Birmingham, which will eventually connect with the existing rail network to provide direct trains up to Glasgow, Edinburgh and Newcastle.

Official estimates of the costs of HS2 have increased from an initial estimate of £37.5bn (in 2009 prices) to a range of £72bn to £98bn.¹ While there is now greater certainty over the costs of Phase One from London to Birmingham, the costs of Phase Two are less certain.

The latest benefit cost ratio (BCR) for the full “Y” network, comprised of all three phases of the scheme, is assessed at 1.5:1. including wider economic impacts.² However, while the business case does not account for the impacts of Covid-19 and changed transport habits, it does present some analysis showing that that if demand for rail drops by 16% then the BCR falls to 0.7 to 0.9 – poor value for money.³

Construction of Phase One from London to Birmingham has started. The Government is due to publish an Integrated Rail Plan for the Midlands and North soon, which will set out how Phase 2 of HS2 will be integrated with other rail improvements in these regions such as Northern Powerhouse Rail.

See the Library Briefing, [High Speed Rail 2: An overview](#) (CBP- 9313) for more information on HS2.

Responsibility for transport in Wales

The original devolution settlement under the [Government of Wales Act 1998](#) did not equip the National Assembly for Wales with primary law-making powers, and most transport policy remained under Westminster control.

In 2014, the [Silk Commission](#) recommended that the National Assembly should move to a reserved powers model like Scotland. This was then enacted by the [Wales Act 2017](#).

[Schedule 7A, Part II, Head E](#) of the 2017 Act prescribes those areas reserved to the UK Parliament, including some road and rail transport, and almost all aviation, maritime and transport security matters. Infrastructure planning and the funding of Network Rail in Wales remains reserved, unlike in Scotland where this aspect is devolved. The main devolved areas of transport policy in Wales are in local and public transport and the Wales & Borders rail franchise.

Barnett consequentials from spending on HS2

The devolved administrations in Scotland, Wales and Northern Ireland receive grants from the UK Government, which fund much of their spending. The Barnett formula determines how the largest of these grants – the block grants – change from one year to the next. The formula aims to give each country the same pounds-per-person change in funding as the change in funding for comparable government services in England. However, the formula only applies to areas where responsibility has been devolved.⁴ See the Library Briefing, [The Barnett Formula](#) (CPB- 7386) for more information on how the formula works.

Unlike Scotland and Northern Ireland, Wales doesn't receive Barnett consequentials directly from spending on HS2 because national rail infrastructure in England and Wales is reserved to the UK Government and for this reason HM Treasury has assessed HS2 as a 'national project' which benefits both countries.⁵ This can be seen in the 0% comparability shown in the [Statement of Funding Policy](#), which sets out how the Barnett formula works. This issue is discussed in [paragraph 17](#) of the Public Accounts Committee's report [Funding for Scotland, Wales and Northern Ireland](#) and in Figure 7 of the [National Audit Office's investigation into devolved funding](#). Wales, however, has received increases in funding indirectly from increased spending on HS2 where the project has driven increases in the Department for Transport's budget.

Welsh Affairs Committee report on Railway Infrastructure in Wales

In July 2021, the House of Commons Welsh Affairs Select Committee published its report on [Railway Infrastructure in Wales](#). This report covers how rail infrastructure in Wales is managed and funded as well as the case for upgrading rail infrastructure in Wales. On HS2, the Committee recommended 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.⁶

The Government's official response to the Welsh Affairs Committee stated that:

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-

⁴ Institute for Government, [Barnett formula](#), November 2020

⁵ National Audit Office, [Investigation into devolved funding](#), March 2019 HC 1990 figure 7

⁶ Welsh Affairs Committee, [Railway Infrastructure in Wales](#), July 2021 HC 438

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 HS2.⁷

⁷ House of Commons Welsh Affairs Select Committee, [Railway infrastructure in Wales: Government response to the Committee's First Report of Session 2021–22](#), September 2021 HC 715

2. Parliamentary material

2.1 UK Parliament

[Railways: Wales](#)

Asked by: Hywel Williams

To ask the Secretary of State for Transport, what estimate he has made of the Barnett consequential payment to the Welsh Government in the event that responsibility for rail in Wales was devolved in the same manner as in Scotland.

Answering member: Chris Heaton-Harris | Department for Transport

There are currently no plans for further devolution of the railway in Wales beyond the Core Valley lines which were devolved in March 2020. The Welsh and English railways are highly integrated. In the absence of a specific devolution proposal, it is difficult to make any meaningful assessment of a Barnett consequential.

26 May 2021 | Written questions | Answered | House of Commons | 4535

[Railways: Wales](#)

Asked by: Hywel Williams

To ask the Secretary of State for Transport, what estimate he has made of the amount of funding that would be allocated to the Welsh rail system in the event that funding was allocated in proportion to (a) the number of passenger journeys, (b) the length of the rail network and (c) on a per capita basis.

Answering member: Chris Heaton-Harris | Department: Department for Transport

DfT has not made such an assessment. While these factors such as total track miles and passenger miles impact the cost base of the railway, overall the railway is not funded on this basis. Railway decisions are made on a range of operational and engineering needs as well as economic, commercial, social and environmental considerations. This is in addition to considering the impact of wider transport investments taken as a whole.

26 May 2021 | Written questions | Answered | House of Commons | 4537

[Railways: Wales](#)

Asked by: Hywel Williams

To ask the Secretary of State for Transport, how much funding has been invested in the rail network in Wales in each of the last three years for which figures are available.

Answering member: Chris Heaton-Harris | Department: Department for Transport

During this financial year (2021/2022), the third year of the current Network Rail Control Period (which runs from 2019 to 2024), planned spend on renewals in Wales is £226 million.

The past expenditure on renewals in Wales by year during this Control Period was £223 million in 2020/2021 and £185 million in 2019/2020.

While figures for expenditure on enhancements as a separate line item are not easily available given the nature of Network Rail funding and the different sources of funding for projects that are termed as 'enhancements', there was from FY18/19 to FY20/21 an estimated £143m invested in enhancements in Wales, predominantly in FY20/21.

26 May 2021 | Written questions | Answered | House of Commons | 4536

[Connectivity and Infrastructure within Wales and Cross-border](#)

Asked by: Liz Saville Roberts

Diolch yn fawr, Llefarydd. The Wales Governance Centre has calculated that, were Wales to be treated like Scotland in relation to HS2 and rail funding, we would be over half a billion pounds better off. Only 1.26% of the firms in the HS2 supply chain are Welsh and we know that, when HS2 is complete, it will take £200 million out of the south Wales economy alone. In the Secretary of State's opinion, what percentage of HS2 supply chain firms should be based in Wales—or is he happy for his Government to continue to short-change Wales?

Answered by: Simon Hart | Department: Wales

I am glad that the right hon. Lady has recognised the relevance of HS2 in shortening journey times; indeed, the journey from her own constituency to London will benefit from the improvements that we are recommending—and that were included in the recent Queen's Speech, for that matter. There will be shorter journey times, but there will also be numerous opportunities for businesses in Wales to be part of the supply chain, not only in the construction period but thereafter. I hope that what she has actually pointed out is how her party, in her area, is going to warmly embrace that major infrastructure scheme, which will benefit Wales, whichever part of it people live in.

19 May 2021 | Oral questions - Supplementary | Answered | House of Commons | House of Commons chamber | 695 c682

[Transport Infrastructure](#)

Asked by: Jonathan Edwards

Last time I looked on a map, London, Birmingham, Manchester and Leeds were all in England. So can the Prime Minister explain why Scotland and Northern Ireland get a 100% Barnett rating from HS2 while Wales gets nought per cent?

The Prime Minister

Of course, as the hon. Gentleman knows very well from looking at the map, north Wales will benefit from the Crewe link. I might say to the

representative from Wales that it is high time that the Welsh Labour Government got on and delivered the M4 bypass at the Brynglas tunnels. If they will not do it, we in this Government will.

11 Feb 2020 | Proceeding contributions | House of Commons | House of Commons chamber | 671 c721

2.2 Welsh Parliament/Senedd Cymru

[Statement by Lee Waters MS, the Deputy Minister for Climate Change: Update on the Metro 20 October 2021](#)

Diolch yn fawr, Llywydd. The climate emergency demands we change the way we travel. Seventeen per cent of Welsh carbon emissions are generated by transport, and as the UK Climate Change Committee makes clear, simply switching to electric cars will not meet the 2050 net zero target. We need to cut the number of journeys and get people to switch to more sustainable forms of transport too.¹⁴⁸

We fully recognise that this is not going to be easy. For some 70 years transport policy in the UK has favoured car travel over public transport, and as a result it is now easier for most people to hop in the car than it is to plan a journey using more sustainable forms of transport. That has to change. But for that to happen, we have to make the right thing to do the easiest thing to do.¹⁴⁹

Our Wales transport strategy sets out the steps we need to make to meet our target of 45 per cent of journeys by public transport or active travel by 2040. We are aiming to publish a new bus strategy around the end of this year, and a White Paper to follow, and a bus reform Bill this Senedd term.¹⁵⁰

Our active travel investment for short local trips is now the highest per head in the UK, and we are working with councils to identify safe local networks that will encourage people to leave the car at home and walk and cycle instead. Ten per cent of car journeys are under 1 mile in length, and many of those trips could be made on foot or by bike.¹⁵¹

For medium and long-term journeys, rail has an important part to play. We need to see the £5 billion shortfall in rail investment from the UK Government made up in order to modernise our network. For our part, we have taken the Wales and borders franchise under public control and are working hard to stabilise it after the collapse in passenger numbers during COVID. As we plan the rail recovery, we must do it in tandem with the other sustainable modes, so that people can make their whole journey, door to door, by sustainable transport.¹⁵²

The Burns commission in south-east Wales has set a blueprint for how that can be done, and we want to scale that approach to other parts of Wales. In particular, I want to emulate the model where the Welsh Government and Transport for Wales have formed a single joint delivery unit with the local authorities, and an independent delivery board set up

to drive performance and ensure progress. I'm pleased that Simon Gibson and Dr Lynn Sloman, both noted for their delivery focus, are serving as chair and vice-chair of the delivery board in south-east Wales.153

Llywydd, I can announce that I have tasked my officials with creating a similar collaborative approach in north Wales too. We will create a north Wales metro delivery board, and I will be advertising for an independent chair and vice-chair to make sure we are being as ambitious as possible and to hold delivery partners to account, ourselves included. I would also like to see this model of partnership, co-design and shared leadership adopted by the four corporate joint committees across Wales as they take up their responsibility for regional transport planning over the course of this Senedd term.154

The evidence from around the world suggests that if you want people to use public transport, it needs to be easy to use. In the parlance, it needs to 'turn up and go', and that's the design principle at the heart of our metro programme: frequent, seamless services connecting people with key destinations, and we've committed over £1 billion to our three metro programmes. Each is in different stages of development and we are today publishing updated maps showing the current ambition.155

In the south-east, significant construction work is already under way, and in the next few years we'll increasingly see physical evidence of one of the most ambitious infrastructure projects to have taken place in Wales in modern times. A new bus station right next to the main train station is going up in Cardiff. Work has been going on over the summer on the core Valleys line to prepare it for the introduction of new tram trains. By 2024, there will be new tram trains offering fast turn-up-and-go services at around 50 stations on the Welsh Government's network, as well as new services being planned to double the frequency on the Ebbw Vale line through the Vale of Glamorgan, and to Maesteg.156

In north Wales, we've put in place the foundations for a significantly improved rail and bus service and active travel through our £50 million of Welsh Government funding announcement. I recently saw for myself the plans at Wrexham General station to make it easier to change between rail and bus, helping connections between the north Wales coast and the more frequent Borderlands line services from next year at Shotton, alongside a new station at Deeside industrial park.157

We've asked Transport for Wales to take on the development of the Swansea bay and west Wales metro to assist the local authorities in that area. This is at the earliest stage of development of the three metro key schemes, and I'm keen to increase the pace and the ambition for public transport in this part of Wales. Around £8 million has been allocated this year to deliver active travel and public transport schemes to support the Swansea bay metro programme. Preliminary work is being carried out to develop a potential hydrogen bus pilot in Swansea bay and Pembrokeshire, and new interchanges, including a new station at St Clears delivered by Transport for Wales, which will be in place by 2024, will offer real improvements to public transport in the area.158

I've also recently commissioned work to develop a new programme for mid Wales to examine how our approach to the metros can be applied in this region and our more rural areas across the whole of Wales. We must learn from Germany and Switzerland that it's perfectly possible to have an effective public transport system in rural areas. It'll require a different approach to urban Wales, but it's absolutely doable with commitment. Car clubs and electric bikes will have a major role to play, as will demand-responsive transport, and in pilots across Wales, our Fflecsi service is offering access to public transport where previously there was none, opening up new opportunities for more people. We are now trialling Fflecsi in 11 areas, where we are seeing significant passenger growth and it has now been used for over 100,000 journeys. And we're committed to learn from it and to scale it.159

Llywydd, delivering our metros is one of the most ambitious and complex programmes ever undertaken by the Welsh Government. The maps published today illustrate our emerging programmes. We have the capability, the expertise, the experience and the desire in Wales to progress at pace. In fact, we will not achieve our net zero ambitions if we don't. Diolch.

3. Press notices

Government accepts MPs' recommendation that a Wales Rail Board be established to drive improvements

**House of Commons Welsh Affairs Select Committee
22 September 2021**

In its response to the Welsh Affairs Committee's report, Railway Infrastructure in Wales, the UK Government has partially accepted a recommendation to create a dedicated forum to deliver improvements for rail passengers in Wales.

During the inquiry the Committee was told that a joined-up and clearer approach is needed to unlock rail investment to drive improvements. Accordingly, the Committee's report recommended the creation of 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". In response, the UK Government has said it recognises the potential benefits raised by the Committee and is proposing the creation of a senior-level Board with responsibilities including the development and delivery of railway enhancements. The Government has said that the Board will comprise director-level representation from Welsh Government, Department for Transport, Transport for Wales, Network Rail, and other train operators serving passengers in Wales. It is intended to first meet this calendar year.

Chair's comment

Welsh Affairs Committee Chair, Rt Hon Stephen Crabb MP, said:

"The UK Government's move to introduce a Wales Rail Board is very welcome news. We heard from numerous witnesses during our inquiry that more coordination is needed to drive investment and improvements, and I hope the Board will deliver this. It's also very welcome the speed in which they will start convening, and I hope people across Wales will start feeling the benefits feed through to their railway journeys."

Upgrades and electrification of Wales' ageing rail infrastructure should be addressed by UK-Welsh collaboration that would improve services for customers

**House of Commons Welsh Affairs Select Committee
14 July 2021**

The Welsh Affairs Committee has today called for a new Wales Rail Board to be in place by the Autumn – comprised of UK and Welsh government bodies – that can consider improvements and upgrades to Wales' ageing rail network.

Rail infrastructure in Wales is a lifeline for millions, connecting communities and central for the transportation of goods in Wales and across the UK. However, it is a Victorian system trying to support a 21st century level of service, with passengers experiencing slow services and inadequate stations.

To enhance rail infrastructure in Wales, urgent upgrades backed up by sufficient investment is desperately needed. A new Wales Rail Board, including the UK and Welsh governments, Network Rail, the rail operators providing services in Wales, and Transport for Wales, has been recommended to identify improvements and the investment required.

While significant rail investment has been dedicated to HS2, resulting in a supply chain that encompasses the entire UK including Wales, Wales will not benefit in the same way as Scotland and Northern Ireland from the Barnett consequentials arising from the project. The Committee recommends 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 Committee notes that HS2 could have clearer and more direct benefits for Welsh rail passengers if it is accompanied by enhancements to the Chester and Crewe stations which, in turn, could help facilitate the electrification of the North Wales mainline. The Committee therefore recommends 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.

Electrification of the railways can play a key role in the UK Government's decarbonisation agenda, and the Committee has argued that the decision to cancel the electrification of the Great Western mainline from Cardiff to Swansea is short-sighted. The Committee urges the UK Government to bring forward proposals – before the end of 2021 – on new proposals for greater connectivity between Swansea, Cardiff and Bristol, which could require completing electrification of the mainline between Cardiff and Swansea.

Chair's comments

Chair of the Welsh Affairs Committee, Rt Hon Stephen Crabb MP, said:

“There is a compelling case for greater investment in rail infrastructure in Wales to improve journey times for passengers, strengthen connectivity with the rest of the United Kingdom and reduce carbon emissions.

“Reaching our net zero targets will require a significant investment in rail electrification. We believe that this should result in a reconsideration of the short-sighted decision to cancel the electrification of the Great Western mainline from Cardiff to Swansea.

“While there will always be voices calling for the further devolution of rail powers, it’s clear that what passengers most need is both of their governments, as well as the rail operators, working together. Our Committee has proposed a new Wales Rail Board, which would bring together the two governments, Network Rail and rail operators, which can be tasked with bringing forward a shared pipeline of Welsh rail projects and which should be in place by the Autumn.”

Recommendations

The Welsh Affairs Committee’s recommendations are:

- **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 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.
- The UK Government should set out its plans to reform the Rail Networks Enhancements Pipeline with a view to accelerating the delivery of projects in Wales.
- 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.
- 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 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. A

full strategic case should therefore be prepared 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.

- 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 Wales Rail Board 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.

Commission recommendations endorsed by Welsh Government
South East Wales Transport Commission
19 January 2021

The path to tackling congestion in south east Wales has been confirmed as Welsh Government has endorsed the recommendations of the South East Wales Transport Commission.

In a line-by-line response to the Commission's final report, Welsh Government has accepted in principle all of the recommendations to tackle congestion. It has also outlined the progress that has been made and the next steps for delivery.

A dedicated "development unit" has been established in Transport for Wales to provide ongoing advice on the recommendations and develop a delivery programme.

On the Commission's recommendation to increase the number of train stations and services in the region, Welsh Government has confirmed it will work with partners to increase capacity, reduce journey times and improve network resilience. These partners include Transport for Wales, Network Rail and the UK Government, which remains responsible for rail infrastructure under the current devolution settlement.

A memorandum of understanding has been signed with Newport City Council to jointly steer the way forward for bus and active travel measures in the city, supported by Transport for Wales.

Ken Skates, Minister for Economy, Transport and North Wales, said:

Tackling congestion on the M4 around Newport remains a priority of this Government, whilst also being mindful of the need for decarbonisation, improved air quality, transport equity and a robust response to COVID-19.

The spirit of the recommendations is closely aligned to our recently published new transport strategy – Llwybr Newydd. Integrated, low carbon and multi modal Metro transport networks will be the future of Welsh transport.

Progress is underway on taking forward many of the suggestions raised by the Commission. It is an ambitious set of recommendations that will lead to significant improvements for the region, and we take them forward with a sense of urgency and the knowledge that action is needed.

UK wide transport review must address £2.4bn+ underinvestment in Welsh rail

**Welsh Government
24 November 2020**

Ken Skates has said the recently announced 'Union Connectivity Review' should be used as an opportunity to "put right" the UK Government's neglect of Welsh railways.

The Union Connectivity Review was launched by the UK Government to explore ways to improve connectivity between Wales, England, Scotland and Northern Ireland.

The Minister has previously made clear that the review must respect the current devolution settlement and not stray into matters which are the responsibility of the Welsh Government. This red line on devolved responsibilities was set out alongside Ministerial counterparts in Scotland and Northern Ireland.

The Welsh Government has calculated that under current spending plans, a conservative estimate of the underfunding of Welsh railways from 2001-2029 is £2.4bn, and this figure could be as high as £5.1bn.

A document setting out the calculations was yesterday published. Another report which outlines how investment would benefit for north and south Wales mainlines (as part of Metro systems) has also been published.

Last week Llwybr Newydd was published, a new draft transport strategy pledging a major reduction in carbon emissions from the Welsh transport sector. It included a new sustainable transport hierarchy that would prioritise public transport over roads. The need to get more people out of cars and onto buses, trains and sustainable forms of travel is a key driver of the Welsh Government's vision for transport.

Ken Skates, Minister for Economy, Transport and North Wales, yesterday said:

The UK Government has to demonstrate its sincerity to levelling up our country by addressing their failure to invest fairly in Wales's rail, broadband and aviation connectivity. It has refused to devolve these powers and funding, whilst also failing to take our connectivity seriously.

The Union Connectivity Review is an opportunity for the UK Government to reflect on historic underinvestment and to focus on putting things right.

**[Multi-million boost from UK government for Welsh railways to level up infrastructure and improve journeys for passengers](#)
[Passenger journeys in Wales set to improve thanks to new funding.](#)**

Department for Transport, Office of the Secretary of State for Wales, and The Rt Hon Grant Shapps MP

21 August 2020

Transport Secretary Grant Shapps

- funding released to kickstart design work on upgrading Cardiff Central station
- other improvements include developing plans to upgrade digital signalling, plans to speed up journeys and increasing step-free access to stations
- follows the multi-million pound devolution of powers over the Core Valley lines to Welsh government and completion of fully electric line between Cardiff and London

Major progress has been made on ambitious upgrades to Wales' railways following £343 million of investment to help deliver better journeys for passengers, UK government Transport Secretary Grant Shapps has set out today (21 August 2020).

The raft of schemes to be funded include kickstarting the design of the Cardiff Central station upgrade, advancing plans for cutting-edge digital signalling on the Cambrian line and speeding up journeys between Cardiff and Swansea.

Work on a new, modern design for Cardiff Central station will be funded through the release of £5.8 million. It will focus on improving access and ensuring platforms are suited for longer trains, boosting space and capacity for passengers.

The Transport Secretary has also announced £3 million to advance plans for upgraded signalling on the 241-kilometre Cambrian line from Shrewsbury Sutton Bridge Junction to Aberystwyth and Pwllheli. The planned state-of-the-art digital signalling system will modernise the network, improving the reliability of services, and support the introduction of a new fleet being rolled out across the network in December 2022.

In addition, almost £2 million has been made available for the next phase of development work on proposals to speed up journeys between Cardiff and Swansea, Chester and Llandudno Junction, and the Severn

Tunnel and Cardiff, through better-aligned tracks and exploring putting additional services on the lines.

The announcement of these new projects follows major reforms to the network over the past months such as completion of a fully electric route between Cardiff and London and the devolution of powers over the Core Valley line to the Welsh government.

Transport Secretary Grant Shapps said:

The host of improvements we are delivering across Wales, from huge infrastructure upgrades to creating new and modern stations, are vital to deliver better, quicker and more convenient journeys for passengers within, into and out of Wales.

We want to transform travel for passengers and, as we build back better from COVID-19, we will ensure our investment helps to level up all parts of the UK.

By upgrading, improving, and – crucially –modernising our railways, we will make good on our promise to deliver the reliable journeys passengers deserve.

UK government Minister in Wales David TC Davies said:

Communities across Wales will benefit from this multi-million package of rail investment, aimed at delivering rail services that are fit for the future.

From proposals to speed up services, improving access for those who need it most and boosting connectivity, these improvements form part of our broader plans to level up the nations and regions of the UK as we rebuild our economy following the coronavirus.

It was confirmed in June that the Great Western Main Line is now fully electric, revolutionising train travel between Cardiff and London through quicker, more environmentally-friendly journeys. The final remaining section through the Severn Tunnel was completed following a £76 million investment from the UK government.

James Price, Transport for Wales CEO added:

At Transport for Wales we are continuing with our investment programme and in the last financial year we spent £796 million transforming our rail services. This included £516 million acquiring the Core Valleys Lines, £187 million on the Wales and Borders rail service and an additional £28 million on projects and service operation.

At the start of the year we opened our Metro Infrastructure Hub in Treforest and construction has begun on our £100 million Metro Control Centre in Taff's Well as we continue to deliver the South Wales Metro that will bring social, economic, recreational and cultural benefits to the people of Wales.

We welcome any further funding as we move forward with our transformational plans.

In March, the UK government's commitment to empower decision making in rail at a regional level was underlined with the transfer of

powers over the Core Valley lines from Network Rail to Transport for Wales. This devolution is backed by £196 million in funding for management, electrification, upgrades and other improvements on the network.

Additionally, almost £4 million has been invested towards building a new station at Bow Street between Borth and Aberystwyth to help improve connectivity and ease congestion on roads in the area. The station is expected to open early next year.

A number of stations in Wales have also benefitted from millions of UK government funding to improve accessibility for all passengers such as through new step-free routes. Grangetown, Pontypool & New Inn, Llantwit Major and Neath were awarded a total of £1.5 million in February 2020 to install new lifts under the Access for All programme, which funds smaller scale accessibility improvements. All projects are expected to complete by 2024 at the latest.

Accessibility improvements at Cadoxton station, which include a new footbridge and lifts, are set to be unveiled on 28 August 2020.

4. Press Articles

[Wales gets a committee but not its £5bn share of HS2 funding Wales is still set to see funding for rail schemes squeezed while money pours into HS2](#)

walesonline

22 September 2021

A new body assessing the rail investment needs of Wales is being set up, but the UK Government has rejected calls from a cross-party committee of MPs that Wales should get a share of the money being spend on HS2 in England.

In July the Welsh Affairs Committee said the UK Government's flagship £107.7bn HS2 rail project should be reclassified as an English-only scheme so that Wales receives the benefits of a Barnett Formula consequential, which would provide around £5bn to spend on rail infrastructure in Wales.

Currently, the huge sums being spent on the project are expected to squeeze funding for all other rail projects in England and Wales while Scotland and Northern Ireland benefit from additional funding allocated as a consequence of the funding going into high speed rail in England. Some experts believe Wales' economy will be harmed by the scheme.

In its response to a report by MPs on the Welsh Affairs Select Committee, the UK Government has confirmed it is creating a senior-level board with responsibilities including the development and delivery of railway enhancements.

It said the board will comprise director-level representation from Welsh Government, the Department for Transport, Transport for Wales, Network Rail, and other train operators serving passengers in Wales.

It is intended to first meet this calendar year. Its terms of reference will cover working arrangements between Great British Railways (GBR) and Transport for Wales under rail reform proposals.

However, the new body will not be able to compel the UK Government to spend more on rail investment in Wales. Future projects will to considered for investment along with schemes across the UK for the next five year investment period.

Outside of the necessary operating maintenance and renewal costs, there is currently just £345m allocated for rail enhancement projects in Wales.

Chair of the Welsh Affairs Committee and former Welsh Secretary, Stephen Crabb, said: "The UK Government's move to introduce a Wales Rail Board is very welcome news. We heard from numerous witnesses during our inquiry that more coordination is needed to drive investment and improvements, and I hope the board will deliver this. It's also very welcome the speed in which they will start convening, and I hope

people across Wales will start feeling the benefits feed through to their railway journeys.”

The committee recommended that HS2 should be reclassified as an England only project.

It said: “Using the Barnett Formula, Wales’ funding settlement should be recalculated to apply an additional allocation based on the funding for HS2 in England. We suggest that such a reclassification would help to ensure that Welsh rail passengers receive the same advantage from investment in HS2 as those in Scotland and Northern Ireland.”

Based on a spend of £100bn over the next decade (assuming the eastern leg from the Midlands to Leeds isn’t pulled), if HS2 was barnetised it would result in a consequential for the Welsh Government of £5bn.

As the project is not Barnetised it will mean a squeeze on the attribution factor in Department for Transport spending in devolved areas for the Cardiff administration.

With rail now taking up a much bigger slice of the overall Department for Transport budget, the attribution factor to the Welsh Government from spending in England in areas which are classified as devolved, like roads, has been revised downwards to around 34%. It had previously been 80%.

In rejecting the recommendation the UK Government said; “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.”

The committee report also called for electrification of the South Wales Mainline to Swansea, which currently is only electrified to Cardiff, a Swansea Metro network as well as upgrading the North Wales Mainline. It also called for improved connectivity between South Wales and Bristol.

Network Rail is currently working on early stage business cases for upgrading the freight lines between Cardiff and Bristol for passenger train use and upgrading to the North Wales Mainline.

However, the UK Government said it had no plans to electrify the Great Western Mainline between Cardiff and Swansea, which was abandoned in 2017 on cost grounds.

On calls to revive the project by the committee the UK Government said: "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.

HS2: Calls for project to be classed as 'England-only'

By Ione Wells

BBC Wales Westminster correspondent

BBC News

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Wales stands to lose out financially from HS2 because it is currently classed as an England and Wales project

A cross-party group of MPs has called for HS2 to be reclassified as an England-only project so Wales receives proportional funds.

They said the UK government's own analysis concluded the rail project would produce "an economic dis-benefit to Wales".

The Welsh government called the classification of HS2 as an England and Wales project "unfair and biased".

The UK government said it had committed £1.5bn to Welsh railways.

HS2 is a high-speed rail line planned to link London with Birmingham and on to Manchester and Leeds.

The multi-billion pound project, which could see costs rise to £106bn, has been controversial after estimates that the Welsh economy could lose out due to inferior transport infrastructure.

The MPs want HS2 to be reclassified as an England-only project despite rail infrastructure not being devolved in Wales beyond the core valleys lines.

The Welsh government receives a proportional top-up to the budget when new spending is announced for devolved areas in England which will not apply to Wales, through what is known as "Barnett consequentials".

The report says while the Welsh government received "approximately £755m in Barnett consequentials" between 2015 and 2019 as a result of the Department for Transport spending money on HS2, it will not receive a proportionate amount because it has been classified by the Treasury as an "England and Wales project".

This has attracted criticism from the MPs because the rail line will run solely in England.

The Welsh Affairs Committee said: "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."

But it said Wales would "not benefit in the same way as Scotland and Northern Ireland from Barnett consequential arising from the HS2 project. This is despite the fact that UK government's own analysis has concluded that HS2 will produce an economic dis-benefit for Wales".

It said HS2 could "yield direct benefits to Welsh rail passengers if it is accompanied by enhancements to the North Wales mainline, including upgrades at Chester and Crewe stations which will be required for full electrification of the North Wales mainline to proceed".

The report also calls for a new Wales Rail Board of Welsh and UK government bodies to identify areas where Welsh railways could be improved and invested in.

The MPs also have called on the UK government to bring forward proposals for greater connectivity between Swansea, Cardiff and Bristol by the end of 2021, calling the decision to cancel the electrification of the Cardiff-Swansea mainline "short-sighted and regrettable".

Further devolution?

The group, chaired by Conservative MP Stephen Crabb, said if clear benefits for passengers and freight users could be delivered by transferring powers over rail infrastructure from the UK government to the Welsh government then "the case for further devolution would be compelling".

But they said "few benefits to rail users have been identified" and the benefits of "existing management arrangements are considerable".

The Welsh government welcomed the calls to "address unfair and biased categorisation of HS2 as an England and Wales project, which continues to disadvantage rail investment in Wales".

A spokesman said their "long term objective remains full devolution of the rail network and a fair funding settlement for rail infrastructure in Wales".

But they said "irrespective of where responsibility rests in the short term" they supported "close strategic collaboration" to "meet passenger needs" and "support our decarbonisation commitments".

A spokesperson for the UK government's Department for Transport said: "We have already committed a record £1.5bn to the Welsh railways in recent years and the recently announced Union Connectivity Review will look at how best to enhance transport links across the United Kingdom to improve connectivity."

The UK government has argued HS2 will boost reliability, connectivity and capacity on routes across the UK, including services into Wales

5. Further reading

House of Commons Library Briefings [2020-21]

[High Speed Rail 2: An overview](#), 10 September 2021

[The Barnett formula](#), 6 January 2020

UK Parliamentary/Government reports [2020-21]

[Railway Infrastructure in Wales](#), House of Commons Select Committee, 2021-22 and [Government response](#)

[Union connectivity review: interim report](#), Department for Transport, 10 March 2021

Welsh Parliament/Government material on transport [2018-21]

[Information relating to the Barnett consequential from HS2: FOI response](#), Welsh Government, 19 October 2021

[Putting the 'public' back into public transport](#), Welsh Parliament/Senedd Research article, 21 May 2021

[Llwybr Newydd: the Wales Transport Strategy 2021](#), Welsh Government, 10 March 2021

[South East Wales Transport Commission: final recommendations](#), 26 November 2020

[Mainline railway enhancement requirements](#), Welsh Government, 19 September 2020

[Historical investment in rail infrastructure enhancements: Rail Enhancement funding in Wales](#), Welsh Government 19 September 2020

[A railway for Wales: the case for devolution](#), Welsh Government, 24 September 2019

[The case for investment in rail infrastructure in Wales](#) by Professor Mark Barry, 17 July 2018

Other material [2019-21]

[Levelling Up, Working Together? A Transport Enhancement Programme for Wales](#), Professor Mark Barry, 17 June 2021

[Railway Infrastructure in Wales: Written evidence submission to the Welsh Affairs Committee](#), Welsh Governance Centre, March 2021

[Barnett formula](#), Institute for Government, 25 November 2020

[Investigation into devolved funding](#), National Audit Office, 13 March 2019

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