Rail electrification to Swansea dropped by the UK Government

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On 20 July the UK Government published its <u>High Level Output Specification and Statement of Funds Available</u>. These statutory statements set out what the Secretary of State for Transport, Chris Grayling, wants the railway in England and Wales to achieve between 2019 and 2024 during rail planning Control Period 6 (CP6).

On the same day it <u>emerged</u>, <u>initially through media reports</u>, that, while plans to electrify the Great Western Mainline to Cardiff by late 2018 / early 2019 are on target, plans for electrification between Cardiff and Swansea have been dropped by the UK Government.

While the Secretary of State has presented a positive analysis in an article written for the media, and in a written statement, this cancellation follows numerous delays and cost overruns on the UK Government / Network Rail electrification programme, leading to questions about project management and value for money.



The Welsh Government does have powers to invest in Welsh railways. However unlike Scotland, where rail infrastructure is a devolved matter, planning and funding of Welsh rail infrastructure remains the responsibility of the UK Government, despite widespread calls for devolution.

Will they or won't they? The background to Great Western Mainline electrification.

In 2009 the then <u>UK Labour Government announced</u> (PDF 622) plans to electrify the Great Western Main Line between London, Reading, Oxford, Newbury, Bristol, Cardiff and Swansea, by 2017.

However, in <u>March 2011 the Coalition Government decided</u> not proceed with the project stating:

Services between London and Swansea currently operate at a frequency of only one train an hour off-peak. There is no evidence of a pattern of demand that would be likely to lead imminently to an increase in this frequency. Consequently, I regret to have to say that there is not, at present, a viable business case for electrification of the main line between Cardiff and Swansea.

In July 2012 this decision was reversed when the UK Government published the <u>High</u> <u>Level Output Specification</u> (HLOS) for Control Period 5 (CP5) (2014–19); electrification to Swansea was back on track.

In June 2015 the then <u>Secretary of State Patrick McLoughlin announced</u> that the UK Government's £38bn programme of rail infrastructure enhancements for CP5 would face delays. The Secretary of State said "in parts of this programme Network Rail's performance has not been good enough". However, he also said "electrification of the Great Western Line is a top priority. And I want Network Rail to concentrate its efforts on getting that right". So far so good for Swansea it seemed.

Three reviews of Network Rail were subsequently commissioned by the Secretary of State and published in November 2015: the <u>Bowe Review</u>, which looked at Network Rail's approach to planning for CP5; the <u>Shaw Report</u>, which considered the long-term shape and funding of the company; and the <u>Hendy Review</u> which "developed proposals for how the rail upgrade programme could be put on a realistic and sustainable footing".

Importantly the Hendy Review concluded that most programmes and projects would proceed in CP5, and no projects would be cancelled. However some, including Great Western Electrification to Swansea, would be delivered after 2019. Yet the report gave no formal commitment on a delivery date, and the UK Government would not be drawn.

Poor planning leading to poor value for money. The writing on the wall? The Bowe Review, looking at CP5 projects as a whole, found "there is no one overarching cause which explains the cost escalation and delays to projects and programmes" for CP5. Instead "a number of issues have combined to require this programme to be reviewed and elements to be replanned" including:

- Inadequate Network Rail planning processes;
- Unclear division of responsibilities between Network Rail, the Department for Transport (DfT) and the Office of Rail and Road;
- Poor definition of project scope and "scope creep" leading to cost increases;
- Issues around "effective internal programme and portfolio management";
- Errors in costing, unanticipated project interdependencies, and lower productivity than expected.

Additionally, reclassification of Network Rail as a Central Government Body from September 2014 led to Network Rail's debt being included on the UK Government's balance sheet. The Bowe Review said this "exposed a previous reliance by all parties on access to financing that was off government balance sheet as a means of managing financial overruns". Bowe concluded that this "has imported a new financial discipline" into Network Rail.

In November 2016 the National Audit Office (NAO) published a report specifically considering Great Western Mainline electrification. The report was highly critical of how the project had been managed.

It found that the DfT did not plan and manage all elements of the industry programme in a sufficiently joined up way and that a schedule prepared in 2012 for the programme was unrealistic. It also said that cost increases arose due to failings in Network Rail's approach to planning and delivery, unrealistic assumptions in Network Rails 2014 cost estimate and over optimism about the productivity of new technology. As a result, electrification between Maidenhead and Cardiff was expected to cost £2.8 billion, an increase of £1.2 billion (70%) against the estimated cost of the programme in 2014.

Following the DfT's decision in May 2016 to procure all the Intercity Express trains as 'bi-modes' (capable of either diesel or electric operation), the NAO recommended that "the Department should assess whether the full extent of electrification, as currently planned, is still value for money".

You can find out more about the NAO report in <u>our previous blog on the NAO</u> report.

What does this mean for Wales?

In his media piece (above) the Secretary of State highlights that "state of the art" bimode trains will be in place serving Swansea by this autumn, and that journeys to London will still be about 15 minutes faster. He concludes that this means "all the benefit of electrification...but without months of work, the track closures and the dreaded replacement buses". He also sets out a range of other rail improvements in Wales, including work to improve north Wales journey times and long-awaited improvements to Cardiff and Swansea stations.

However, Network Rail has previously set out the benefits of electric railways which include the fact that they are:

- Faster than diesel with more capacity;
- Quieter than diesel trains and so less intrusive for those living near the railway;
- Better for the environment, particularly that "carbon emissions are 20 to 35 per cent lower than those from diesel trains", and "there are no emissions at the point of use, improving air quality in pollution hot spots, such as city centres";
- Lighter, so that "less maintenance is needed because electric trains cause less wear to the track, so the railway is more reliable for passengers".

The benefits set out by the Secretary of State will be welcomed by many. However Network Rail's analysis of the benefits of electric rail make it difficult to avoid the conclusion that bi-mode trains, running on diesel west of Cardiff, will be heavier, noisier, more polluting, generate more carbon emissions, be more expensive to maintain, increase track maintenance costs and potentially be slower compared to the all-electric option.

His announcement has also increased focus on whether Wales is fairly treated in terms of rail investment, and what impact the decision might have on the economy of Swansea. Some are already contrasting this decision with the UK Government's investment in HS2. The Cabinet Secretary for Economy and Infrastructure, Ken Skates, has recently suggested:

Since 2011, the UK Government has spent in the Wales and Borders area only around one per cent of money it has made available for rail enhancement schemes although it accounts for around 6% of the UK's rail network.

Responding to today's announcement, the Cabinet Secretary issued a statement restating the Welsh Government's view that rail infrastructure powers should be devolved and concluding:

Passengers in Wales experience poor network reliability, low speeds, and capacity constraints which results in a much smaller proportion of people being able to choose to travel by train than in England and Scotland.

Today's news come on top of the Department for Transport's decision to delay the issue of the new Wales and Borders rail service tender as a result of its own failure to fully devolve franchising powers to Wales within the agreed timescale.

Taken together, the failure to meet promises to invest in our railway infrastructure and the failure to meet promises to devolve powers already agreed underline the need for a radically new and lasting settlement for rail where Wales can determine its own future without relying on broken promise after broken promise from UK Government.

While Network Rail's March 2016 Welsh Route Study (PDF 4.95 MB)) (page 24) forecasts passenger growth of 111% between Swansea and London by 2043, this decision might lead many to question whether the long promised overhead lines will ever reach Swansea and what impact the failure to electrify will have on the Welsh economy and environment.

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