



Eich cyf/Your ref
Ein cyf/Our ref MA-L/KS/0046/18

All Assembly Members
National Assembly for Wales

27 February 2018

Dear Assembly Member

Welsh Ministers (Transfer of Functions) (Railways) Order 2018

The Commission on Devolution in Wales recommended that the Wales and Borders rail franchise and funding of Network Rail in relation to the Wales network be devolved.

In November 2014, agreement in principle was reached with the UK Government to devolve executive franchising functions to the Welsh Ministers so that the Welsh Government could lead the procurement of the next Wales and Borders franchise which is due to commence on 14 October 2018.

In the UK Government's March 2015 Command Paper on further devolution to Wales, titled 'Powers for a Purpose: Towards a lasting devolution settlement for Wales', the UK Government also committed to review the need to strengthen its arrangements for engaging with the Welsh Government on the specification of other rail franchises procured by the Secretary of State for Transport which operate to/from Wales (currently West Coast, Cross Country and Great Western).

The Welsh Government has since been working with the UK Government's Department for Transport to develop and agree detailed arrangements for the next Wales and Borders franchise, as well as for how arrangements for engaging with the Welsh Government in respect of other rail franchises will be strengthened.

I have now reached final agreement with the Secretary of State for Transport regarding the transfer of railway franchising functions to the Welsh Ministers. The functions will be transferred by virtue of the 'Welsh Ministers (Transfer of Functions) (Railways) Order 2018' which will be laid in the UK Parliament shortly. The Order will be subjected to the affirmative resolution procedure in both Houses.

The functions to be transferred are contained within the Railways Act 1993 and the Railways Act 2005 (the 1993 and 2005 Acts). They are primarily connected with the franchising of railway passenger services and the discontinuance or closure of railway services and certain railway assets. Broadly, these align with the functions transferred to

Scottish Ministers by the 2005 Act. However, there are some variations which derive from the difference in scope of cross-border rail operations into England and from the fact that responsibilities in respect of the rail network are not being devolved in Wales.

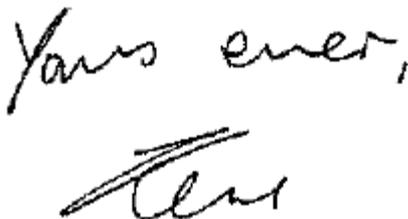
The Order amends the 1993 and 2005 Acts so that the Welsh Ministers become the sole designating and franchising authority in respect of Wales-only services, and enables the Welsh Ministers to designate and franchise the Welsh component of Welsh services (those parts of cross border services to/from England within Wales) contained within the same franchise as Wales-only services. This scope has been agreed in recognition of the extensive nature of the cross-border services - and services wholly within England - provided by the Wales and Borders franchise and the need for appropriate accountability for rail operations on each side of the border.

To aid the clarity and accessibility of both the 1993 and 2005 Acts, the Order updates all the relevant references to the National Assembly of Wales - replacing them with references to the Welsh Ministers.

In view of the need to take forward activity to procure the next Wales and Borders franchise, the procurement currently underway is being progressed on the basis of agency arrangements established under section 83 of the Government of Wales Act 2006 which permit the Welsh Ministers to act as the agent of the Secretary of State.

To ensure that important cross-border links can continue and be developed further for the benefit of passengers, I have and will continue to maintain agency arrangements with the Secretary of State to enable the Welsh Ministers to exercise relevant powers under the 1993 and 2005 Acts. This makes it possible for the Welsh Ministers to procure and manage the entirety of the Wales and Borders franchise which includes services that continue to/from, and operate within, England.

It will be important for devolution of funding for Network Rail to be delivered in the future.

A handwritten signature in black ink, appearing to read 'Yours ever, Ken'.

Ken Skates AC/AM

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth
Cabinet Secretary for Economy and Transport