

## Transport for Wales – Evidence to the Economy Infrastructure and Skills Committee Inquiry into the new Rail Franchise and the Metro

### Update on the Procurement Process

#### Background

1. In 2014 it was announced that the responsibility for the specification and procurement of the next Wales and Borders rail service would be transferred to the Welsh Government.
2. Transport for Wales is a wholly owned, not-for-profit company established by the Welsh Government in 2015 to provide support and expertise in connection with public transport projects in Wales. On behalf of the Welsh Government we are currently undertaking the procurement process for the next Wales and Border Rail Service including the South Wales Metro.

#### Initial Consultation

3. Between January and March 2016 the Welsh Government carried out a consultation on arrangements for rail services and station operations for the next Wales and Borders Rail Service. Respondents provided views on a wide range of areas.
4. Priority areas suggested for consideration included reducing overall journey times, reducing costs, capacity improvements, enhanced accessibility, better connectivity and improved punctuality, reliability and quality. Based on the outcomes of consultation and engagement, the Welsh Government developed its Policy Priorities for Wales and Borders Rail Service and Metro Operator and Development Partner Procurement.<sup>1</sup>

#### Procurement Process to Date

5. Transport for Wales launched a procurement exercise in July 2016 to secure an operator and development partner (“ODP”) to operate the Wales and Borders Rail service and take forward key aspects of the next stage of the South Wales Metro. The ODP will coordinate works from a range of ECI (Early Contractor Involvement) contractors to deliver the improvements that will provide whole system thinking, ensuring the priorities result in an improved service for passengers.
6. In October 2016, four bidders were identified and named as having an interest in taking forward the next franchise. In November 2016 these bidders presented their outline solutions to Transport for Wales.
7. Potential bidders were provided with the Welsh Government’s policy priorities at the start of the procurement process, with the expectation that bids are aligned with these priorities, subject to competitive dialogue.

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<sup>1</sup> <http://gov.wales/topics/transport/transport-for-wales/procurement/?lang=en>

8. Dialogue with the bidders commenced in January 2017. Competitive dialogue is a process through which we work with bidders to develop a contract which ensures the delivery of our high-level objectives, whilst at the same time allowing the bidders to fine tune their own unique solutions to meet a set of detailed requirements, common to all bidders, which each company will ultimately bid against.

9. In February Transport for Wales launched a further 12-week consultation, which gives the public an opportunity to share their views about the new service, and will help inform our negotiations with bidders. The consultation is being supported by Transport Focus. Regional engagement events are being held in different locations across Wales to facilitate responses. The consultation closes on 23 May.

#### Procurement Process Going Forward

10. The final tender process will take place between July and September and it is anticipated that the contract will be awarded by the end of this year, with operations beginning in October 2018.

#### Devolution Process

11. We are progressing with this procurement on the basis of the agreement reached between the UK Government and the Welsh Government in 2014 to transfer franchising functions.

12. Delivering our ambition is dependent on the UK Government meeting the Welsh Government's expectations on the following:

- The UK Government transferring the powers on time and as agreed;
- The UK Government and Network Rail agreeing plans for the Valley Lines, which are currently being discussed;
- The Department for Transport agreeing suitable financial arrangements for the Valley Lines infrastructure.

#### Transport for Wales

#### March 2017