

**Ken Skates AC/AM**  
**Gweinidog dros yr Economi a Thrafnidiaeth**  
**Minister for Economy and Transport**

Russell George AM  
Chair  
Economy, Infrastructure and Skills Committee

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**Llywodraeth Cymru**  
**Welsh Government**

11 July 2019

Dear Russell

I would like to thank you and the Committee for the letter you sent to Keith Williams offering your support for the Welsh Government's position on rail devolution. Your insightful and thoughtful consideration of the issues you identify, together with previous inquiries and publications, certainly complement the already compelling case for full rail devolution and a fair funding settlement in our submission to the Williams Rail Review

There is one important point of detail that is perhaps worth highlighting. The values in Table 1 in your letter on the level of expenditure on rail enhancements since the creation of Network Rail's Wales Route may be worth thinking about in a broader context.

It is clear that infrastructure enhancement expenditure in recent years by Network Rail in the Wales Route has increased as a result of the Great Western electrification scheme eventually reaching Cardiff. However, these values must now be considered in the context of the significant sums now being spent on HS2, which are not included in Network Rail's enhancement budget. This year, expected expenditure on HS2 is forecast to be significantly higher than the entire Network Rail enhancement budget, and predicted to increase rapidly. The situation in Table 1 is therefore worse than portrayed.

Despite Department for Transport forecasting of a negative impact of £150m per annum on the Welsh economy, the Barnett formula comparability factor for the UK Government's HS2 budget for Wales is currently 0%, compared with 100% for Scotland, who will also be benefitting from three direct HS2 services every hour.

The work of your committee over the years has now resulted in unprecedented cross-party support across the National Assembly for Wales for full rail devolution. This opportunity for change must now be seized by the UK Government and delivered through their White Paper on rail this autumn. It is important that we continue to develop and to make a positive case for the changes needed to the current devolution settlement, and I would welcome any future support that the Committee can offer.

I have copied this letter to Keith Williams, the Secretary of State for Transport and the Secretary of State for Wales.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken', with a long, sweeping horizontal stroke above the letters.

**Ken Skates AC/AM**

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Minister for Economy and Transport