



Ein cyf/Our ref LW/603/21

Y Gwir Anrhydeddus Grant Shapps AS  
Yr Ysgrifennydd Gwladol dros Drafnidiaeth

[TransportSecretary@dft.gov.uk](mailto:TransportSecretary@dft.gov.uk)

8 Hydref 2021

Annwyl Grant

Ysgrifennaf atoch ar ôl i'n cais gael ei wrthod ar gyfer 3ydd rownd Cyllid Gorsafoedd Newydd ar gyfer gorsafoedd newydd yng Ngharno a Melin Trelái. Yr wyf wedi derbyn adroddiad technegol gan Trafnidiaeth Cymru (amgaeedig) ar y sail a roddwyd i'w wrthod ac yr wyf yn awyddus i rannu hyn gyda chi, gan fod yr adroddiad yn nodi bod y rhesymau dros wrthod yn ddi-sail. Yr ydym yn eu herio yn y ffordd gryfaf bosibl.

Byddwn hefyd yn pwysleisio manteision posibl agor rhagor o gyfleoedd teithio i/o ganolbarth Cymru ar Reilffordd y Cambria, i/o'r Amwythig a chanolfannau ymhellach i'r dwyrain, ac i'r Brifysgol yn Aberystwyth sy'n parhau i dyfu ac oddi yno, ac ardal dwristiaeth allweddol Arfordir y Cambria. Dylai pwysigrwydd gwella cysylltedd rhwng yr ardal hon a rhanbarth ehangach Canolbarth Cymru gyda gweddill y Deyrnas Unedig, drwy sicrhau bod Llinell y Cambria yn fwy cadarn, yn fwy dibynadwy ac yn fwy hygyrch, gael ei ystyried drwy gronfa Cysylltedd yr Undeb. Rwyf wedi gofyn i Trafnidiaeth Cymru gyflwyno cynnig.

Yn ogystal â'r uchod, ysgrifennaf atoch yn awr yng ngoleuni adroddiad technegol Trafnidiaeth Cymru i ofyn yn ffurfiol i Lywodraeth y DU gytuno i ymrwymo cyllid ar gyfer cam nesaf datblygu gorsafoedd Carno a Melin Elái, yn yr un modd â'r penderfyniad a wnaed ar gyfer Parkway Glannau Dyfrdwy. Byddem yn cynnig darparu'r arian cyfatebol gofynnol o 25 y cant ar gyfer y Fframwaith Gwasanaeth Cenedlaethol ar gyfer hyn. Byddai Trafnidiaeth Cymru - gyda chyfranogiad llawn partneriaid a rhanddeiliaid y diwydiant (gan gynnwys Grŵp Gweithredu Gorsaf Carno) - yn gallu arwain y gwaith hwn gyda'r bwriad o ddod i farn lawn a therfynol ar y materion a nodwyd – gan gynnwys amserlenni - a gwella'r achosion busnes. Bydd croeso i'ch swyddogion gymryd rhan lawn, o'r cychwyn cyntaf.

Edrychaf ymlaen at ymateb cadarnhaol ac rwy'n hyderus y gallwn, drwy'r gwaith pellach a gynigiau, gyrraedd safbwynt y cytunwyd arno y dylid cwblhau'r ddwy orsaf newydd hyn fel blaenoriaeth, gan elwa ar fuddsoddiad Llywodraeth y DU. O safbwynt Cysylltedd yr Undeb, rwy'n hyderus y byddai modd cyflwyno achos cryf dros uwchraddio Llinell y Cambria.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Rwy'n anfon copi o'r llythyr hwn at Aelodau Senedd Cymru ac Aelodau Seneddol y Gororau ac Ysgrifennydd Gwladol Cymru. Rwyf hefyd yn anfon copi at Syr Peter Hendy, gan fy mod wedi trafod pwysigrwydd uwchraddio Llinell y Cambria gydag ef yn ddiweddar.

Yn gywir

A handwritten signature in black ink, appearing to read 'Lee', is centered on a light-colored rectangular background.

**Lee Waters AS**

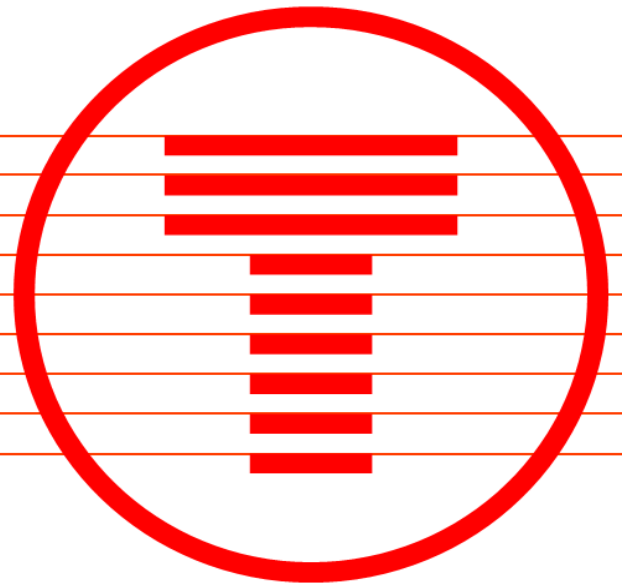
Y Dirprwy Weinidog Newid Hinsawdd



**TRAFNIDIAETH CYMRU**  
**TRANSPORT FOR WALES**

## **Transport for Wales**

### **New Station Fund 3 – Decision Response – Technical Note on Carno and Ely Mill**



<b>Classification</b>	Unclassified
<b>Revision</b>	0.9
<b>Issue Date</b>	15 <sup>th</sup> September 2021



Mae Trafnidiaeth Cymru yn eiddo i  
**Lywodraeth Cymru**  
Transport for Wales is owned by the  
**Welsh Government**



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## History & Review

Revision/ Review	Date	Author / Reviewer	Approved By	Summary
0.0	18/08/2021	CL/CM		WIP Draft
0.1	20/8/2021	CL		WIP Draft. Amendments discussed on 18 <sup>th</sup> Aug incorporated. Clarification on OMR periods applicable from AC.
0.2	25/08/21	DT (WG)		Update by WG.
0.6	28/08/2021	TA/ CL		Formatting, minor amendments, strategic text.
0.7	07/09/2021	DT (WG)		Text amendments.
0.8/0.9	28/08/2021 & 15/09/2021	TA/ CL		Update.

## Distribution history

Issued to	Organisation	Date	Revision
Dave Thomas	Welsh Government	18/08/2021	0.0
Dave Thomas	Welsh Government	28/08/2021	0.3
Dave Thomas	Welsh Government	15/09/2021	0.8/0.9



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## Purpose

The purpose of this document is to provide a response to the unsuccessful determination letters issued 26th May 2021 by the UK Government in response to the New Station Fund (NSF3) applications submitted by Transport for Wales (TfW) on behalf of Welsh Government. Refer to Appendix A (Carno) and Appendix B (Ely Mill) for copies.

## Carno Station

The decision states that the bid was unsuccessful.

*“This was because the proposal has significant issues with the timetable. The bid also omits the costs of any works required to the nearby level crossing, which negatively impacts the business case.”*

It is unclear what are deemed to be “significant issues”. Our timetable advisors concluded that with no interventions a skip stop service at Carno/Caersws could be introduced whilst still maintaining the turnaround times at Aberystwyth. However following consultation with the local station action group, analysis of 5 trains per day (tpd) at Carno, with no change to the other stations, concluded that providing the train service is operating to schedule there is no additional performance risk and introducing stations at Bow Street and Carno is achievable.

The supplementary timetable report (Annex H to the NSF3 application) indicated a six-minute journey time reduction from the committed introduction of Class 197 stock between Shrewsbury and Machynlleth (of six minutes compared to Class 158) and that report also indicated potential further benefits from a review of PSR’s which, with sometimes extended station stops, provide further scope for journey time reduction.

However, there are tight margins on the line and anything other than very small delays are difficult to recover and increase exponentially throughout the day. To validate this, introducing an initial trial of 5 tpd at Carno in either direction provides the opportunity to review and assess the impact on performance and patronage. In addition to mitigate performance risk and improve overall performance robustness, a review of station dwell time performance could be undertaken. Thereafter, the UK Government could consider any need for further improvements required on passing provision and the removal of speed restrictions.

If the impact on performance is low the number of trains calling at Carno could be increased. Introducing 12 tpd compared to 5 tpd would increase revenue. A second benefit is that 12tpd allows a standard calling pattern timetable.

With reference to the point on the omission of level crossing costs and BCR impact, a summary of the Capital costs, return and programme is provided in the Application Summary document. This included information on the level crossing costs and identified that, for a level crossing closure and highway diversion, the BCR would change from 0.60 to 0.39 (as set out below)





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Station	CAPEX	BCR	Programme
Carno*	£7.53m	0.60	27th February 2024
Deeside Parkway	£22.56m	0.17	25th April 2024
Ely Mill	£9.54m	0.	10th May 2024
St Clears	£6.33m	1.12	27th February 2024
<b>Total</b>	<b>£45.96 (excl. VAT)</b>		

Table 2: Costs, Return and Programme

\*Carno is based on the station and car park only excluding the cost of the level crossing upgrade/closure. If the worse case was assumed for the level crossing closure with a highway diversion the CAPEX is £13.42m (that would require parallel investment from NR) and if included in the BCR calculation would result in BCR of 0.39.

Section 4.2 of the application also states:

The Option 2 Central case excludes the cost of the level crossing upgrade/closure, which would require a parallel commitment to investment by NR requiring an acceleration of their planned workbank, and would, if included in the Capital Cost, result in an outcome of £13,420,000 excluding VAT.

## Ely Mill

The decision states that the bid was unsuccessful.

*“This was because the bid did not meet the criteria required by NSF3, requiring the station to be sufficiently developed to Network Rail’s GRIP Stage 3. Furthermore, The ORR requires that any CP6 enhancement funding become a Network Rail asset upon completion. As the station is part of the Core Valley Line network, the station would not become a NR asset upon completion and therefore not comply with ORR guidance.”*

A WelTAG Stage 2 (Outline Business Case) assessment for a proposed new station on the local rail network in Cardiff at Ely Mill was undertaken. This was deemed sufficiently developed towards Network Rail’s GRIP Stage 3 and stakeholder support supporting letters were provided. The WelTAG2 technical work could be progressed to GRIP 3 in approximately 6 to 8 weeks.

An OMR funding agreement for the CVL was reached and implemented in 2020 for the remainder of CP6. Further, a funding transfer of £141.25m was effected in full in the final weeks of the 2020-21 Financial Year as a UK Government contribution to the Cardiff City Region City Deal for the CVL Transformation programme agreed subsequent to the abandonment of the GWMLE west of Cardiff and former Valleys Electrification programme. This money is committed in full to the scope of the CVL Transformation programme and there is no headroom for enhancements beyond that scope. A wider enhancement funding position was never secured as part of this agreement, and WG’s block grant settlement from UK Government has not reflected any allocation for it to undertake its own rail asset enhancements on the CVL. Indeed, in the letter approving the divestment of the CVL the Secretary of State for Transport highlighted that the Welsh Government would not be precluded from bidding for UK Government funding for rail enhancement schemes in Wales, and that such schemes would be considered based on their relative merits and the availability of RNEP funding. As the CVL is in Wales then it follows that bids for rail enhancement schemes on the CVL are eligible for consideration. The ORR’s guidance “Enhancements in Control Period 6 – Roles and Responsibilities” does not stipulates that assets must be owned by Network



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Rail to be eligible for enhancement funding. It is relevant that Network Rail are fully engaged with the development of the new Cardiff Parkway station, which was supported by the Burns Commission and which could be a candidate for RNEP investment, and where the proposed ownership is for TfW to own and operate the station whilst Network Rail own the track and platform.

Paragraph 3 of same document advises the document focus is on the approach to enhancements that are funded by DfT and delivered by Network Rail. It also includes an overview of the roles for devolved government and third party funded schemes. However, this role is dependent on the requirements of the funder, among other things. It does not set out the approach to enhancements delivered by other parties and paragraph 4 states “(ORR)...will consider our role for such enhancements case-by-case basis, depending on the characteristics and arrangements for each scheme, in line with our duties, our resources and the requirements of government funders. This is consistent with the approach we have adopted for Crossrail Ltd and High Speed 2.”

Paragraph 35 of same document highlights that ORR will work with other government bodies to understand their expectations for enhancements, and that they have already had some discussions with Welsh Government and other devolved bodies to understand their views.

Therefore, until such time as a suitable and proportionate enhancement funding allocation has been provided to Welsh Government through an increase in the block grant settlement, Welsh Government and TfW's position is that TfW applications for national enhancement funding should continue to include CVL assets.

## Conclusion

The UK Government's expressed grounds for refusing NSF3 funding were dealt with for Carno in the initial NSF3 application and the UK Government response did not recognise the compelling strategic case set out for all four of our bids in combination, which far outweigh any consideration of business case calculations. The delivery of all four stations (Ely Mill, Carno, Deeside Parkway and Carno) under a single programme would have been achievable (at the time of the application – the delivery programme and completion dates now need review) within the UK Government's investment programme timeframe and entry into service (by May 2024). The programme would also create wider social and economic benefits across Wales, vastly improving both the urban (Ely Mill and Deeside) and rural (St Clears and Carno) connectivity both within Wales and across the Wales/England border, with Deeside Parkway supporting the demand for rail services created by the Northern Gateway development, and Carno opening up rail as a viable transport option to key destinations including Shrewsbury and to the east including Birmingham for mid Wales communities with limited public transport links to essential health and education services. The delivery of the 4 stations under a single programme would also provide a vital contribution to the post Covid-19 recovery and TfW's remapped public transport provision.

The grounds on which the points made about ORR requirements and CVL asset ownership in terms of eligibility for UK Government enhancement funding are strongly contested as set out fully above.

Subsequent developments also need to be taken into account. For example, TfW and Welsh Government are making the strong case to Network Rail to develop and implement a strategy for reducing level crossing risk and enabling service increments and other improvements across Wales and Borders, with associated improvements and crossing closures; and also work being led by Network Rail on developing options for improvements to train capacity around Cardiff West Junction (which will enable a four trains per hour service on the City Line, improving the benefits from Ely Mill new station).





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## Proposal

Welsh Government propose that the UK Government should agree to joint fund, with the Welsh Government, further development work on Carno and Ely Mill stations. Joint funding will be further demonstration of the Welsh Government’s readiness, despite the lack of devolved responsibility, to provide match funding towards UK Government rail investment (as set out in the NSF3 application). A particular aim would be to establish a full and final jointly agreed conclusion on Cambrian line timetabling and performance issues based on the proposed initial stopping pattern of five trains per day at Carno (to be included within the committed full hourly Cambrian timetable). GRIP Stage 4 for both new stations would be concluded within a timescale to be agreed. Future discussions would follow on funding delivery on the ground.

Consideration would be given during the development work, in discussion with stakeholders including the Carno Station Action Group (CSAG), to the potential application of modular station design components with a view to reducing estimated capital costs. Potential alternatives to traditional rail replacement operations are suggested for consideration which could obviate provision for rail replacement bus entry and turning at Carno station (by using existing bus stops very close to the station on the trunk road) and thus also deliver cost reductions. The need for a track cant reduction at Carno station would also be reviewed (reference Annex J to the NSF application). Our technical advisors’ conclusions on track cant were that ‘from a track alignment perspective (as confirmed using RILA survey data) there is nothing precluding the construction of a new platform at Carno with minor or no track works’. As design progresses this would be agreed with Network Rail and take onto account the safety and operability of the station and compliance with relevant standards. An initial estimate of cost reductions achievable undertaken by CSAG is in the order of £3.28 million which could give an improved positive BCR approaching 1.1.





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## Appendix A: NSF3 Funding Application Decision- Carno Station

OFFICIAL

Geoff Ogden

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CF10 1EW



Paul Fishwick  
Programme Director  
Great Minster House  
33 Horseferry Road  
Westminster  
London  
SW1P 4DR

26 May 2021

Dear Geoff,

**NSF3 Funding Application Decision- Carno Station**

Thank you once again for your funding application received in the third round of the New Stations Fund 3 (NSF3). Please accept my apologies for the delay in getting this response to you.

We received 16 applications for the NSF3 programme. All applications have been evaluated by the NSF3 Awards Panel, consisting of representatives from Network Rail and the Department for Transport. All decisions were also reviewed by an independent panel.

We are sorry to inform you that following the recommendation of the awards panel and a decision by the Secretary of State for Transport, your application for NSF funding for the new station at Carno Station has been unsuccessful.

This was because the proposal has significant issues with the timetable. The bid also omits the costs of any works required to the nearby level crossing, which negatively impacts the business case.

We would like to take this opportunity to thank you for your interest in the New Stations Fund. We would welcome future applications in the event of further funds for new stations being identified. If you have any queries in relation to the above, please contact my team via email at [Newstationsfund@dft.gov.uk](mailto:Newstationsfund@dft.gov.uk).



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Yours sincerely,

**Paul Fishwick**  
**Programme Director**  
**Department for Transport**



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## Appendix B: NSF3 Funding Application Decision- Ely Mill Station

<p>Geoff Ogden</p> <p>South Gate House Wood Street Cardiff CF10 1EW</p> <p>Geoff.Ogden@tfw.wales</p>	 <p>Department for Transport</p> <p>Paul Fishwick Programme Director Great Minster House 33 Horseferry Road Westminster London SW1P 4DR</p>
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26 May 2021

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Yours sincerely,

**Paul Fishwick**  
**Programme Director**  
**Department for Transport**