

Title of paper:	Transport discussion
Purpose of paper:	Paper to inform discussion of the potential longer term opportunities to build on the medium term transformational change to be delivered by the South Wales Metro.
Action required:	Ministerial Taskforce for the South Wales Valleys delegates are asked to review the paper ahead of discussion at the next meeting.
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Context

1. The Transport (Wales) Act 2006 imposes a duty on us to develop policies for the promotion and encouragement of safe, integrated, sustainable, efficient and economic transport facilities and services to, from and within Wales. These policies are set out in the Wales Transport Strategy, together with how the Welsh Government proposes to fulfil these policies.
2. The Welsh Government's programme for government Taking Wales Forward sets out how the government will deliver more and better jobs through a stronger, fairer economy, improve and reform our public services, and build a united, connected and sustainable Wales.
3. The Economic Action Plan seeks to "connect people and communities by ensuring new transport infrastructure is planned alongside other infrastructure including homes, employment land and public services".
4. The rail network forms a central part of the public transport system, and there has been strong growth in passenger journeys in Wales:
 - 18 million annually in 2003
 - 29 million annually in 2013
 - Further 74 per cent growth by 2030
5. The South Wales Metro is a long term programme to transform and integrate public transport across South Wales. There will be challenges to overcome in realising the opportunities presented:
 - The railway across South Wales, as a central component of the public transport network, has been outside of our control, is subject to significant regulation, and has complex interactions with the wider UK national railway
 - Railway infrastructure expenditure requires the involvement of Network Rail, yet they remain outside of accountability to the Welsh Government and National Assembly for Wales
 - The deregulation of the bus industry in 1985 has resulted in fragmentation with no single organisation having overall control. There is evidence to suggest that whilst direct on street competition between bus operators can lower fares initially, in the longer term fares increase, whilst network coverage and service quality suffers
 - The provision of financial support for public transport operators is complicated, and inconsistent
 - Fare structures are complex, and simplifying can have unintended and disproportionate consequences for users
6. Progress toward better devolution arrangements:
 - Rail franchising powers are being transferred to the Welsh Ministers, so that we can, for the first time, specify and let Wales and Borders rail services
 - We are taking enhanced control over rail investment where it is provided by Welsh Government

- We are securing transfer of the Valley Lines north of Cardiff Queen Street, where we can separate operation from the South Wales Main Line, so that we deliver part transformation during the next phase of the South Wales Metro
 - We are developing detailed proposals for reform of the planning and delivery of local bus services in Wales
7. More progress is needed from UK Government so that we can use these tools more widely, expanding our investment to the railway beyond those lines north of Cardiff Queen Street.
 8. The South Wales Metro will be a blueprint for integrated transport across the whole of Wales. It will not only improve links between our communities but it will also support our economy by enhancing connectivity across Wales, the rest of the UK and Europe. It will allow people greater mobility and easier access to jobs and services. However, we are cognisant of the statutory, legislative, commercial and legal obstacles that we will need to overcome.
 9. The approach to procurement for the South Wales Metro has embedded the principles and goals of the Well-being of Future Generations Act with a focus on addressing the wider opportunities and risks surrounding the procurement of the Metro, including supply chain and skills requirements and environmental and cultural considerations.
 10. The Welsh Government also wants to facilitate longer term thinking about our infrastructure so we can identify and start planning today for the Wales of tomorrow. We are establishing a National Infrastructure Commission for Wales which will advise government on its long term infrastructure needs with a remit to look at our economic infrastructure, supply of land and housing.

High level timescales

- 2015 – 2017
 - Working with the industry and others to deliver long term sustainability by developing integrated networks such as Metro in north and south Wales and working with local partners to deliver infrastructure improvements to smooth traffic flow
 - Call for evidence on bus policy in Wales and consultations on mandatory concessionary fares, and young persons discounted bus travel
 - Bus Summit and workshops
 - Development of the Wales and Borders rail services and South Wales Metro proposal, with consultation on the policy priorities to be delivered
 - Rail services and Metro procurement approach designed to achieve vertical integration between rail services and rail infrastructure provision, with overall control from Welsh Government, via Transport for Wales
 - Competitive procurement process for the rail services and Metro Operator and Development Partner contract started, and on 21st December we received three bids from world class organisations

- 2018
 - Bid evaluation underway
 - Early May – Bus Summit, followed by consultation with the industry and stakeholders on how to improve the planning and delivery of local bus services in Wales
 - End of May – we will award the first rail services contract designed in Wales for the Welsh people
 - South Wales Metro infrastructure solution known and detailed design will be underway
 - Extensive mobilisation programme gathers momentum
 - October – new operator takes over rail services and over time new services are rolled out

- 2019 onwards
 - Following detailed design phase and asset transfer, South Wales Metro infrastructure delivery phase

- 2022/23
 - Metro transformation – services start to be operational

South Wales Metro

11. The South Wales Metro area includes the railway lines to Maesteg, Bridgend via the Vale of Glamorgan, Treherbert, Aberdare, Merthyr, Rhymney, Ebbw, and Abergavenny, as well as Bridgend to Cardiff and Newport on the South Wales Main Line.

12. The South Wales Metro is a long term programme to transform the network:
 - Improved, more frequent and more reliable journey times compared to the current timetable
 - Modern energy efficient and better trains that are more suitable for the types of journeys passengers make in the Metro area
 - Enhanced passenger information and communication
 - Integrated services and integration with active travel routes
 - Simpler, fairer fares
 - Better access to trains and stations, especially for disabled people
 - Extendable, so the network can grow into communities not currently served

South Wales Metro Phase 2 transformation investment

13. The next stage of transformation, which will open up the opportunities for future integration and service extensions, is the £738m investment in Phase 2. This is focused primarily on the lines north of Cardiff Queen Street where we are securing a transfer of the railway asset so that we can deliver our investment through Transport for Wales. Investment outside of the lines north of Cardiff Queen Street will require a different approach and the continued involvement of Network Rail, for example the frequency

enhancements to the Ebbw line and Maesteg line, and a new station at Llanwern.

14. The Rail Services and Metro Operator and Development Partner procurement underway and we will know more detail on the solution to be delivered in May. However, some elements of Metro Phase 2 delivery are already more certain:
- Depot facilities, potentially at Taff's Well, with other functions at other sites around the Valleys
 - Transport for Wales HQ at Pontypridd
 - Infrastructure improvements to enable four services per hour on each of the lines north of Pontypridd, and on the Rhymney line
 - Investment in better quality rolling stock and service integration

Transport – wider opportunities and longer term change

15. Bus services are a core component of a modern integrated public transport network. We are working with the industry and others to deliver long term sustainability, by developing integrated networks such as Metro in north and south Wales and working with local partners to deliver infrastructure improvements to smooth traffic flow.
16. We are continuing to work with local authorities, Bus Users Cymru and the bus industry, among others, to ensure that bus services meet our reasonable expectations, especially given the very significant public funding that supports the network.
17. Community transport can offer a cost-effective and flexible alternative to conventional bus services, especially in many parts of rural or remote Wales. We wish to see community transport play an even more significant part in a sustainable integrated transport network in the future.
18. Local authorities already have a range of powers available to exert more influence over bus services; for example, to make a ticketing scheme; voluntary agreements with bus operators to co-ordinate investments; and to make statutory, enforceable, bus Quality Partnership Schemes. We would like more local authorities to utilise their existing powers.
19. Our recently published updated National Transport Finance Plan sets out an ambitious programme of road, rail, bus and active travel improvements across the whole of Wales as part of a balanced and sustainable plan for transport investment which targets five key areas: economic growth; tackling poverty; sustainable travel and safety; and improving access to employment and to services. There is a balance between major projects such as South Wales Metro and undertaking smaller more affordable interventions that can still achieve a big impact and target more communities, such as the pinch point programme to tackle road congestion and improve bus service reliability. Also, sustainable forms of travel are prominent in our programme targeting new railway stations, improvements to bus and rail services and promoting walking and cycling and integrated transport solutions.

20. Our long-term aims for our local bus services across Wales are to:
- increase the number of people of all ages using buses for their daily commute to work, for education, for access to health services and for leisure purposes;
 - the availability of good-quality and accessible local bus services for passengers as part of an integrated Welsh public transport system comprising a mix of demand-responsive or scheduled local transport, together with longer distance express bus services that complement passenger rail services;
 - the establishment of national and regional integrated ticketing products to better enable seamless multimodal transportation;
 - to enable bus operators to contribute to the development and the delivery of the Metro public transport systems;
 - a fair deal for passengers, staff, bus operators and the public sector;
 - a financially viable, sustainable and transparent approach to the imposition of public service obligations, with an appropriate level of compensation to operators and stable public funding arrangements generally that provide value for money and complement the best characteristics of the commercial bus sector; and
 - contribute to safeguarding the well-being of future generations by tackling poor air-quality zones, whilst also supporting a sustainable and thriving economy.
21. Based on the outcome of the consultation responses we received last year, further development on our proposals has taken place and we are aiming to consult on our detailed proposals for the reform of arrangements for the planning and delivery of local bus services in May 2018. Our proposals include:
- the ability to franchise services
 - enable integrated ticketing
 - remove the restriction imposed on local authorities to set up municipal companies
 - set mandatory quality standards for services and infrastructure
 - we are also proposing to tackle the deficiencies in the taxi private hire legislative framework and see them for the first time as part of an integrated transport network
22. The National Transport Finance Plan contains a commitment to consider opportunities to bring disused railways back into the transport network where there is a viable business case. The design of the South Wales Metro to be extendable means that we will be able to deliver more efficiently than today. Bus reform also means that we can plan to grow the integrated network and Metro style services to reach communities currently poorly served.

Short to medium term opportunities, building on South Wales Metro

“...connect people and communities by ensuring new transport infrastructure is planned alongside other infrastructure including homes, employment land and public services” – Economic Action Plan

23. In the short to medium term our investment in Metro will be a driver of economic development, and the opportunity is to capture the betterment created by the South Wales Metro.
24. There is an opportunity for a focus of significant resource on key Metro hubs and linkages through the lens of the Valleys Task Force. With Metro stations as the core of these hubs we can incorporate other infrastructure investment such as homes, employment and services into planning.
25. To get this focus, we need to draw together various Welsh Government expenditure streams and plan in an integrated way. There is also an opportunity to pool external funding streams, such as City Deal funding, to bring investment into Metro Phase 2 delivery. Finally, the focus of funding on key hubs provide the opportunity to leverage other funding streams, such as UK Government funding or developers.
26. The balance of Hub investment will be important. It will mean focusing funding on a subset of locations where we can make the biggest difference, and invest in a way where we can recycle some of the funding so we can spread funding further.

Next steps

27. Continue to develop proposals for reform of the planning and delivery of local bus services. Hold the next Bus Summit in May, followed by consultation with the industry and stakeholders, on how to improve the planning and delivery of local bus services in Wales.
28. Over the next three months carry out a vision scoping exercise on the key Metro Hubs:
 - Identify the first subset of locations for strategic hubs
 - Scope what can be done in each area
 - Generate vision to stimulate interest and engage stakeholders, including artist impressions