

Lee Waters AS/MS
Y Dirprwy Weinidog Newid Hinsawdd
Deputy Minister for Climate Change



Llywodraeth Cymru
Welsh Government

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Dear Scott

Term of Government remit letter for Transport for Wales

Transport for Wales (TfW) has been established by the Welsh Government to delivering expert advice, customer-focused services and targeted investment in modern transport infrastructure, working alongside key stakeholders as our integrated transport delivery partner.

In this letter I am setting out the priorities I wish to see TfW contributing to over the next five years, as we enter a key phase in developing a modern, reliable, integrated transport system which will encourage people to make sustainable travel decisions and play its part in meeting our 2030 and longer-term climate targets.

TfW is required to operate in accordance with the Companies Act 2006, and all other statutory and regulatory requirements applicable to the activities it undertakes. To this end, this letter should be considered in conjunction with the Framework Document between the Welsh Government and TfW, and TfW's Articles of Association. TfW will also comply with the standards, guidelines and governance principles applicable to public service organisations funded by the Welsh Government and notified to TfW by the Welsh Government – including (but not limited to) Managing Welsh Public Money, the Nolan Principles, and the Well-being of Future Generations (Wales) Act 2015.

The Welsh Government understands and acknowledges the distinction between TfW and its subsidiaries. This remit letter has been prepared and should be read and construed in that context and that of the existing contractual agreements between the Welsh Government and TfW.

As we look to the future, I would also like to take this opportunity to thank you, the Board, and the whole team at TfW for the dedication you have shown to delivering

excellent transport services through the previous term of Government, and particularly through the challenges posed by the Covid-19 pandemic in recent years.

The Programme for Government sets out this Government's ambitious and radical commitments over the Senedd term. It is founded on the distinctively Welsh values of community, equality and social justice and aims to maximise fairness for all and eliminate inequality at every level of society. I want to see these values at the heart of decision-making and delivery at TfW to secure the transport system we are building together.

This remit letter confirms the direction and focus TfW shall adopt and develop over this term of Government, working across the Welsh public, private and third sectors as necessary to meet the challenges it poses, particularly with all parts of Welsh Government, Local Authorities, Corporate Joint Committees and delivery partners. In doing so, I expect TfW to continue to pursue the ambition of meeting its running costs by securing maximum efficiencies whilst still delivering an integrated transport network, ensuring value-for-money and maximising the investment we are able to make in transport fit for Wales' future.

TfW will have a major role to play in realising a number of key cross-cutting Programme for Government commitments, including delivering our Wales Transport Strategy and working towards our new target of 45% of journeys by sustainable modes by 2040, up from 32% currently, setting more stretching goals where possible.

The Strategy's priorities are:

- 1) Bring services to people to reduce the need to travel. This is not about preventing travel altogether, it is about planning ahead for better physical and digital connectivity to support access to more local services, and more home and remote working. If more people can walk and cycle for everyday trips, we will reduce our dependency on cars.
- 2) We need to allow people and goods to move easily from door-to-door by accessible, sustainable and efficient transport. To achieve this, we will need to invest in reliable, efficient and affordable transport services that people want to use, can use and do use. We also need the transport infrastructure to support those services. We will make sure our transport infrastructure is safe, accessible, well-maintained and future-proofed, to adapt to climate change.

And where we need new transport infrastructure, we will take a new approach. We will use the sustainable transport hierarchy to give priority to meeting the demand for travel by walking, cycling and public transport ahead of private motor vehicles.

- 3) We need to encourage people to make the change to more sustainable transport. If we are going to meet our climate change targets, we also need people to travel differently. Which means making it easier to do the right thing. We will do this by

making low-carbon sustainable transport more attractive and more affordable, and by adopting innovations.

Underpinning the cross-cutting Programme for Government objectives, there are a range of portfolio-level commitments which should be given equal weight and will be just as critical in reaching the transport network that will allow us to hit our climate targets in 2030 and beyond.

TfW's plans will also need to demonstrate how it will contribute to our 10 well-being objectives, and embed the ways of working and sustainable development principles set out in the Well-being of Future Generations (Wales) Act 2015. TfW should include a number of operational and corporate performance indicators that can be monitored and reported regularly throughout the period. This will provide a critical measure of how efficiently and effectively TfW is operating and delivering.

Strategic Policy Objectives

TfW's annual business plans for the period 2022-27 in line with a Corporate Strategic Plan for the same period will support the delivery of our Programme for Government commitments, Y Llwybr Newydd, the Wales Transport Strategy, and the National Transport Delivery Plan, and address the following strategic policy objectives and challenges:

Net Zero – Climate Emergency

TfW should work with us to deliver Net Zero Wales, our Carbon Budget 2. The climate emergency is a top priority for this Government and TfW will have a crucial role to play in meeting our climate targets.

TfW must create the integrated, accessible, affordable transport network which will facilitate our 2030 statutory climate targets, our Llwybr Newydd target of 45% of journeys by sustainable modes by 2040.

In aid of this, TfW should help us meet our Net Zero Wales ambition to reduce the number of car miles travelled per person by 10% by 2030 and to increase the proportion of trips by sustainable modes to 35% by 2025 and 39% by 2030.

This aim of enabling and encouraging people to make the change to sustainable transport choices should be at the core of TfW's strategy and operational plans over this term of Government.

I expect TfW to be a standard bearer for this commitment and work with partners to deliver it at all levels in Wales. TfW has a key role in capability building, with local authorities in particular, to ensure they are able to deliver their transport responsibilities sustainably.

TfW's plans should set out how you will work with us to deliver our strategy for electric vehicle charging and for decarbonisation of the bus fleet, including Traws Cymru

buses by 2026, as well as considering how to address wider climate challenges, including biodiversity and climate adaptation.

Llwybr Newydd

Llwybr Newydd – The Wales Transport Strategy sets out a long-term vision for an accessible, sustainable and efficient transport system. It includes three five-year priorities and four high-level, cross-cutting 20-year ambitions for how transport can deliver wider benefits to people and communities, to the environment, to the economy and places, and to culture and language in Wales; contributing to all of the seven Well-being of Future Generations (Wales) Act 2015 goals.

TfW has a key role in delivering the Strategy through the National Transport Delivery Plan, which will set out specific projects, schemes, initiatives or interventions that are aligned to the Strategy's priorities, including the delivery of projects that are already underway. The NTDP, and the specific delivery projects therein, will encompass the four critical cross-cutting delivery pathways identified in Llwybr Newydd: Decarbonisation, Equality, Integrated Journey Planning & our Rural Offer. The delivery of the Plan should also support implementation of Future Wales – the National Plan 2040 and be aligned with the Wales Infrastructure Investment Plan.

The new Wales Transport Strategy should be central to TfW's corporate and operational plans.

To deliver the Strategy, we will need to support and encourage people to make smarter travel choices to reduce congestion and increase use of sustainable modes of transport. We have agreed that TfW's current business plan will need to go further by presenting a coherent strategy for securing behavioural change and set out how you will work with Welsh Government, Local Authorities and other partners to deliver the scale of change this will need.

Integrated Transport

I expect TfW to be leading the way on better integration and looking at modern, innovative and cross-modal solutions, including ticketing and passenger information, to ensure that public transport is affordable, accessible and easy to use for people in Wales.

To transform the way people travel in Wales this will need to go beyond looking at traditional modes to incorporating new operational solutions for Wales such as demand-responsive transport and Mobility as a Service (MaaS).

This work should include collaborative working with a range of stakeholders and funders, including Local Authorities, Corporate Joint Committees, the UK Department for Transport and Network Rail.

Our programmes supporting the development of Metro offer some of the best opportunities to meet our mode shift targets, and reduce road congestion, carbon

emissions and air pollution. TfW's operational plans should demonstrate how you will fulfil the three Metro programme five-year delivery plans.

I also expect TfW to continue developing and delivering the emerging programme for Mid-Wales, which will be critical to meeting our objectives for rural areas.

TfW should also continue to resource the Burns Delivery Unit to deliver the recommendations of the South-east Wales Transport Commission. Its role in planning, monitoring or leading the delivery of the 58 recommendations of the South East Wales Transport Commission is key to offering people competitive alternatives to private car use on the M4.

TfW will provide resource to support the work of the newly established North Wales Transport Commission which will produce recommendations to help deliver a high-quality integrated transport system for north Wales, improving the way we travel while cutting emissions.

I also expect TfW to work with us to support reform of the taxi regime including measures to decarbonise the fleet.

Rail Services and Infrastructure

To deliver high-quality rail services, TfW's plans should include:

- The introduction of the £800m of new rolling stock by 2024
- Delivering the Core Valley Lines Transformation programme
- Delivering the Wales and Borders Timetable Changes between December 2022 and December 2024

TfW should support Welsh Ministers to develop effective partnership arrangements with other organisations responsible for the operation of rail services and infrastructure in Wales.

I expect TfW to work with UK Government and Network Rail to secure long-term Operations, Maintenance and Renewal funding for the Core Valley Lines.

TfW's plans should also set out how you will work with other organisations to support the Welsh Ministers to develop and deliver a cost effective programme of new stations on the Core Valley Lines and wider Wales and Borders network.

Bus Services

Over this term of Government we have ambitious plans to reform bus services in Wales looking at all aspects of bus service provision including infrastructure, road allocation, accessibility, integration with other public transport modes, and, more widely, how we can bring about change in the industry for the better.

We also intend to bring forward legislative proposals to re-regulate bus services across Wales, creating passenger-centred services which are affordable and safe, helping to re-connect communities, providing sustainable transport options for individuals and reducing congestion and pollution.

The system for planning and delivering bus services in Wales needs to be efficient and effective. There will need to be clarity over roles and how the different parts integrate to ensure local accountability and a national perspective.

We expect TfW to work with us to assist in delivery of these projects and reforms. TfW are likely to have a key role in supporting the development and implementation of the new model for planning and delivery of the regular, affordable, reliable services people need and plans should reflect this.

Active Travel

Significantly increasing levels of walking and cycling for everyday journeys is essential to achieve our sustainable mode share target. TfW's role is to help improve the delivery of active travel infrastructure across Wales, in terms of scale and quality, and ensure effective use of the significant investment Welsh Government is making, as well as supporting cross-cutting work to achieve greater uptake of active modes.

TfW will have a key role in driving the behaviour change needed to achieve this crucial objective. I expect TfW's plans to set out how you will deliver this, by working with Local Authorities and other partners.

Wider Service Delivery

Over this term we will look to finalise the roles of TfW and the Welsh Government in some key delivery areas, including the new delivery model for bus funding and services, and the management of the strategic road network. We should move towards a model which allows TfW to drive towards properly integrated transport services and releases capacity within Welsh Government to meet the policy challenges we need to face to meet our carbon reduction targets.

TfW should continue to work with Welsh Government to develop strategies to achieve the above, undertaking detailed due diligence and developing options to set out how we can most efficiently and effectively manage these services within Wales, and work towards implementing the agreed solution.

Expert Analysis, Advice & Project Management

TfW's analytical unit will continue to be a key evidence resource for transport decision-makers across Wales. The unit shall continue to manage the three regional transport models and National Transport Survey as well as support Local Authorities and the Welsh Government with data collection and analysis, both to build our transport evidence base and to enable the effective evaluation of all Welsh Government-funded transport schemes and interventions.

The Welsh Government will continue to rely on TfW to provide on-going professional advisory services, including the development of the case for investment in the transport network and wider support to the Welsh Government's transport programme.

I expect that the use of TfW employees and external consultants across these services to be balanced in a way that delivers clear value for money, and retains TfW's internal knowledge, understanding, capability, and industry intelligence.

Funding, Budget Management and Value for Money

I expect to see TfW vigorously pursuing efficiency and effectiveness gains which will underline the value-for-money proposition for delivering integrated transport services and ensure we are able to deliver as much as possible within our budget envelope.

The scope, scale and complexity of services now delivered by TfW have grown significantly since its inception, and its budget has grown accordingly. Given this evolution, TfW's corporate and operational plans should set out how you will identify and evaluate options for change; considering operating models and organisational structures to ensure they continue to demonstrate strong value for money, as well as safeguarding the agility necessary to respond to future challenges

I expect TfW to continue working openly and positively with the Welsh Government to ensure effective financial management and value for money in your delivery, services and running costs, in line with *Managing Welsh Public Money*.

TfW should also continue to pursue commercial opportunities, and options to expand their commercial revenue within the allowed thresholds.

Wider Welsh Government Priorities

As a wholly owned Welsh Government company TfW should ensure it is supporting our wider objectives and operating in a way which is consistent with our values.

This includes compliance with our existing strategies and policies, such as on Welsh Language, net-zero for public bodies by 2030, Towards Zero Waste and maximising opportunities for the Welsh supply chain.

The Welsh Government is committed to developing social partnership, the principles of fair work and ethical procurement across the public sector in Wales. TfW and its subsidiary companies are expected to play their part in promoting and delivering these aims.

This should also including working with other Welsh Public Bodies, including the Design Commission for Wales, the Global Centre for Rail Excellence and the Development Bank for Wales to deliver joint objectives, and make the most of opportunities for collaboration to deliver better outcomes.

Learning and Development

TfW is responsible for setting and delivering development opportunities for its people through structured and informal programmes and solutions. To support this, they should create learning that fits across all levels of team leadership and ensures that they are using innovative methods to develop leaders and managers throughout the organisation. They will focus on:

- Leadership Development,
- Bespoke online learning solutions, and
- Encouraging more women into leadership roles and the transport sector through bespoke programmes and inclusion activities.

Business Planning

TfW shall develop an annual business plan setting out how it will achieve its objectives. In developing its business plan, TfW shall set out clear business objectives along with a suite of Key Performance Indicators (KPIs) to be monitored and reported regularly throughout the period. The KPIs will be subject to ministerial approval and will need to cover three specific areas:

- Outcomes: these are strategic achievements aligned to the corporate plan and by their very nature are medium to long term
- Outputs: in relation to TfW Rail Limited and specifics within this remit letter
- Operational: corporate plan will need to demonstrate to WG how TfW is running efficiently and effectively.

The business plan shall include financial details showing how TfW will deliver the remit and be profiled over a 12 month period. The business plan shall also identify the human resources and operational costs required to meet the objectives of this remit. It will need to outline how the organisation will develop its staff and how it will build capacity and capability to meet the strategic objectives set out above.

The business plan shall clearly describe the activity TfW shall be undertaking during the period, with SMART objectives which will demonstrate clearly whether delivery is on track. Before funding for the business plan is finalised TfW must ensure, in conjunction with the relevant Welsh Government policy lead, that all proposed activity within the business plan is agreed and funding is available.

Working with the Welsh Government

TfW's forthcoming corporate and operational plans will set out how TfW will deliver the policy priorities and aspirations I have set out in this letter. However, this is not intended to be an exhaustive list, and we will need to work together to ensure those plans continue to reflect our shared priorities.

The positive, constructive and challenge-based relationship developed between TfW and the Welsh Government has played an important role in TfW's success and I thank you for supporting this. I can confirm your Welsh Government Partnership Team is headed by Steve Vincent, Director Economic Infrastructure and your day-to-day point of contact within the team is Gareth Evans, Head of Business Alignment.

I have considered your draft business plan and can confirm that I am not in a position to sign that off. There is a lack of detail on behavioural change and you agreed to address that and resubmit for my consideration. We have a major challenge ahead of us to deliver the sustainable transport services Wales desperately needs and I look forward to working with you in pursuit of our shared goals over the coming years.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lee', is centered within a light gray rectangular box.

Lee Waters AS/MS
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Deputy Minister for Climate Change