



Ein cyf/Our ref: MA/LW/1901/23

Scott Waddington
Chair
Transport for Wales
3 Llys Cadwyn
Pontypridd
CF37 4TH

21 July 2023

Dear Scott,

Remit for TfW 2.0 - Developing a multi-modal culture and supporting the development and delivery of an integrated transport network

Last year, I set out in your remit letter the priorities for TfW over the current term of government. This letter builds on that remit and should be considered alongside those requirements. So that transport plays its part in meeting the Welsh Government's climate targets, obligations to Future Generations, and wellbeing goals, it is important to revisit these requirements and the following strategic policy objectives should guide the evolution of the organisation, which we have termed TfW 2.0:

- (1) **Maximise modal shift** to sustainable transport modes to support our Net Zero Wales transport obligations and targets, improve health and wellbeing, and reduce the costs of running public transport networks;
- (2) **Deliver a fully integrated transport system** in Wales with one network, one timetable, and one ticket, in close partnership with both local and central government
- (3) **Nurture a multi-modal culture in Wales** across the public, private and third sectors (in line with the [Third Sector scheme](#)) through its staff, procurement, and engagements with partners;
- (4) **Encourage and support people to adapt and consider sustainable modes as their default transport option** by embedding behaviour change into your organisational culture and plans;

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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.

(5) Enhance and **develop greater commercial opportunities and behaviours** to maximise revenue, minimise costs, mitigate risks, and exploit opportunities.

Further evolution of your organisation's culture and practices will be required to embed a multi-modal mindset and put accessible integrated networks at the front and centre of decision-making. The coming years are likely to see a consolidation of rail services and active travel functions accompanied by significant growth in your bus and regional transport planning remits.

Over the past two years TfW has taken significant steps to think, act, and deliver across modes in an integrated way. I welcome the new corporate operating model that you have introduced to improve integration and promote a multi-modal approach across the organisation. More will be required in this space including an ongoing cultural change programme, upskilling of individuals so that skills can be applied across more than one mode, becoming expert at behavioural change, benchmarking of abilities against best-in-class organisations worldwide, and making sure that the Board's skills are appropriate for an expanding remit.

As a point of principle, I support providing TfW a broader remit and for TfW to make minor operational and commercial decisions, and innovate within a clearly defined governance framework and financial budget to ensure its decision-making and performance is open, transparent, subject to scrutiny and in line with TfW's Articles of Association, framework document, business plan, five-year operational plan, the Welsh Government funding letter, and wider Welsh Government policies. I expect TfW to be proactive in making smaller operational decisions and enable a culture of delivery to achieve modal shift while reducing future subsidy requirements. To facilitate this, my officials are working with your teams on several workstreams including updating your Articles of Association and Management Framework.

In addition to the Term of Government remit letter that I sent last year, I would like specific attention in the following areas.

1. Leadership and Organisational Culture

In the term of government remit letter that we issued last year, we set out our priorities for TfW to support us in encouraging people to make sustainable travel decisions to meet our Llwybr Newydd Wales Transport Strategy target of 45% of journeys by sustainable modes by 2040. The achievement of this is likely to require not only the organisational restructure that has taken place, but also a cultural transformation across both our organisations. This will include making the staff profile of TfW more representative of the people of Wales. Developing diversity and representation in the workforce will offer benefits associated with expertise by experience and linguistic skills.

Achieving the Welsh Government's targets and moving TfW towards a more stable and sustainable financial footing will require significant focus and energy from TfW's board to demonstrate leadership across all sustainable transport modes that encourages integration and innovation.

While there has been significant progress in developing a 'one team' approach and collaborative culture across the Welsh Government and TfW, there is still significant work to do in this area. One area where we are looking to make immediate progress is a regular exchange of skills and experience between the two organisations to develop a common understanding of ways of working and challenges.

The budget-setting process this year has been a challenge and will remain so for the foreseeable future. There has been a move to a more continuous cycle of setting objectives, business planning, and future cost forecasting over a five-year time horizon. This needs to continue and be aligned with the Welsh Government's budget timetable on both an annual and multi-year basis and formalised through TfW's annual business plan and corporate strategy to support effective financial management in line with Managing Welsh Public Money.

To supplement the existing Key Performance Indicators (KPIs), TfW is developing a suite of multi-modal performance indicators that monitor progress against agreed targets to provide an objective measure of how efficiently and effectively TfW is meeting its business plan, five-year corporate strategy, and broader objectives. An effective means of presenting these through dashboards is being developed and will be reviewed at the recently established quarterly Performance Board where progress will be monitored against TfW's annual business plan and five-year corporate strategy (as agreed in the Terms of Reference).

Achieving our broader ambitions to decarbonise the network, reduce inequalities, and support rural communities will require working with other partners, in particular Local Authorities and newly formed regional Corporate Joint Committees. I understand that the recent inclusion of a Welsh Government observer has been helpful and want you to adopt a similar model for local authority representation to ensure both their buy-in to significant reforms of service and infrastructure delivery, and also secure the benefits of their knowledge of local transport issues.

TfW Objectives:

1. Embed an integrated, multi-modal culture across the organisation with one network, one timetable, one ticket at its heart.
2. Adopt the sustainable transport hierarchy in the Llwybr Newydd Wales Transport Strategy to guide decision-making.
3. Explore every opportunity to (a) increase sustainable transport and (b) reduce costs to the Welsh Government.
4. Support a programme of secondments with Welsh Government, with a view to minimising overall costs and headcount.
5. Consider how other approaches to promoting a joint culture could be developed such as joint programmes and shared training opportunities.
6. Continue to align the annual business planning and cost forecasting process with the Welsh Government's budget setting timelines, on both an annual and multi-

year basis, and formalise through TfW's annual business plan in line with Managing Welsh Public Money.

7. Further develop a suite of multi-modal performance indicators and approach to presenting and disseminating to different audiences and support a quarterly joint review meeting of KPIs and business plan milestones.
8. Agree a suitable model for local government representation at TfW Board meetings.
9. Consider a wider service offering for and engagement programme with LAs / CJsCs.

2. Equality, Diversity and inclusion

TfW must consider how they can improve their support to identify and deliver specific opportunities that enable people in disadvantaged groups, who need additional assistance, to benefit from our transport networks. Equally, our transport networks and services are key areas of focus for our equality, diversity, and inclusion objectives.

TfW Objectives:

10. Begin work on refreshing your [Strategic Equality & Diversity Plan 20/24](#) to take account of the Anti-Racist Wales Action Plan (ARWAP), the Advancing Gender Equality, Disability and LGBTQ+ Action Plan, and other current and emerging Welsh Government EDI-related plans.
11. Use the Social Model of Disability and knowledge of actual and perceived safety on public transport to create an accessible multi modal transport system in Wales.
12. Increase the involvement of people sharing protected characteristics under the Equality Act 2010 and Welsh speakers to remove barriers to accessing sustainable transport.
13. Identify and deliver specific opportunities that enable people in vulnerable or disadvantaged groups to benefit from our transport networks.
14. Ensure that the organisation is supporting the Welsh Government's commitment to being an age-friendly nation.
15. Provide a range of options to support the young people of Wales into work including apprenticeships, training, work experience and mentoring programmes aligned with the Young Person's Guarantee.
16. Consider the opportunities you currently offer to looked-after children and care leavers and how these could be improved.
17. Review your current support for disabled people, including those with non-apparent impairments or conditions, and work towards a continued enhancement of these services.
18. Use the new network of Disabled People's Employment Champions to help close the gap between disabled people and the rest of the working population.

19. Finalise and agree the five-year Welsh Language action plan with the Welsh Language Commissioner to support the achievement of the Welsh Government's Cymraeg 2050 strategy's target of a million Welsh speakers through ensuring that TfW encourages the regular use of the Welsh language by creating opportunities for people to use Welsh on its services and supporting staff to use Welsh in the workplace.

More immediately, I expect you to

20. Work with the ARWAP External Accountability Group to develop an Anti-Racist Plan to deliver a transport service aligned with the Welsh Government objective of an anti-racist Wales by 2030.
21. Ensure compliance with Welsh Language Standards, particularly on announcements and signage.

I expect TfW to be an exemplary employer and deliver your commitment to "be reflective of the diversity of the Welsh population and the communities we serve". This will require an audit of current position to develop our understanding of anti-racism in a transport context and demonstrate how you are embedding anti-racism in your work to develop goals and actions that will deliver tangible change.

3. Bus

Buses are the most adaptable form of public transport and are the backbone of any integrated network. Transforming the delivery of bus services will be the next primary focus of our sustainable, accessible transport agenda across both organisations. Franchising will for the first time enable joined-up multimodal network planning and an integrated service offer for customers. Over this Senedd term, we are not only legislating to re-regulate bus services through a franchise model, but also considering all aspects of bus service provision including infrastructure, roadspace reallocation, accessibility, and integration.

TfW will have a key role in supporting the development and implementation of the new model for planning and delivery of services. Working with the Welsh Government, local authorities, and operators to implement an ambitious, realistic, and affordable bus reform programme to enable this change, TfW should ensure that it possesses the right resources, skills and capability to deliver the Welsh Government's forthcoming Bus Bill.

TfW should consider the lessons from its knowledge of rail franchising and broader experience of regions and cities around the UK and beyond to identify opportunities to improve bus service delivery, better integrate between modes, and make best use of the resources available across all modes to manage an effective and good value bus network and service. There is a major challenge for everyone in making the network financially sustainable and we need to develop further our commercial approach to keep costs as low as possible and to maximise revenue.

I have included a specific bus remit at Annex 1 to ensure that we share a clear set of expectations and a common understanding of roles and responsibilities.

4. Active travel

TfW's role is key in improving the delivery of active travel infrastructure across Wales, in terms of both scale and quality. Equally, you should encourage its use by ensuring that interchanges, stations, and transport hubs integrate with surrounding active travel networks and destinations. Through the development and delivery of your Behaviour Change Strategy, TfW will support the Welsh Government and our stakeholders in key areas such as demand management.

TfW Objectives:

22. Offer strategic oversight of, and challenge to, implementation of the Welsh Government active travel action plan and ensure its integration with other programmes.
23. Deliver the Active Travel Hub to enhance the capacity and skill base in TfW to include active travel design expertise and programme management capabilities.
24. Work with the Welsh Government's policy teams to develop metrics to monitor and evaluate the effectiveness of the active travel fund in order to inform future priorities for investment.
25. Demonstrate and encourage the behaviour change that will be required to increase usage of sustainable transport.

5. Rail

TfW should continue to support Welsh Ministers to develop effective partnership arrangements with other organisations responsible for the operation of rail services and infrastructure in Wales. Operating efficient, reliable, and accessible rail services, alongside transformation and management of the Core Valleys Line network will continue to be the largest and most complex programme for TfW.

Our priorities for modal shift mean that there is a long-term ambition to increase services. However, in the short-term most timetable uplifts which were planned are not possible due to delayed fleet and / or infrastructure availability. These operational challenges offer the opportunity to review timetables to optimise services, and for the first time properly reconsider them in the light of post-Covid changes to travel patterns. This should focus on optimising fares, commercialising assets, and capitalising on a modernised public transport system in order to re-base and re-set revenue assumptions through the adoption of a whole system approach to public transport provision in Wales.

The net operating subsidy of the rail network creates a significant medium term budget pressure. TfW should identify and implement commercial proposals aimed at reducing this operating subsidy, in a way that is consistent with our priority to ensure modal shift, TfW's Articles of Association, framework document, business plan, five-year corporate plan, the Welsh Government funding letter, and wider Welsh Government policies. This should include (but is not limited to) considering new fares initiatives, car parking income, action to protect revenue, sale channels, and upgraded travel opportunities.

TfW should have an overall strategy for reducing subsidy and ensure that any impacts on rail users are assessed before changes are implemented. The Welsh Government should be kept updated on changes which are being developed. However, we would expect TfW to be proactive in making minor operational decisions in line with their Articles of Association, framework document, business plan, five-year corporate plan, the Welsh Government funding letter and wider Welsh Government policies (unless additional budget is required or the decision would have a significant impact on customers). Delivery against the remit will be monitored through existing governance and engagement including the Steering Board and Performance Board, as well as quarterly meetings between the Chair and the Deputy Minister for Climate Change.

TfW Objectives:

26. Determine long-term funding requirements in agreement with the Welsh Government and maintain an up-to-date five-year financial outlook.
27. Support the Welsh Government in its negotiations with the UK Government on Operations, Maintenance and Renewal funding for the Core Valley Lines.
28. Identify and implement proposals to reduce the operating subsidy.
29. Work with the Welsh Government in developing a potential pipeline of future investment in Wales (which is in keeping with the teckal exception) for the Wales Rail Board that gives a clear set of priorities for future rail investment decisions.
30. Work with the Welsh Government to consider options for future rail service operating models within the current and possible future legislative framework.

6. Strategic Road Network

TfW's role as the Welsh Government's multi-modal delivery partner is well established and understood. The support that TfW currently offers in terms of the management and upgrade of the strategic road network has proved invaluable. TfW should continue to work with my officials to reflect on future opportunities from greater integration such as closer integration between TfW's regional teams and the Welsh Government's Strategic Road Network (SRN) team to ensure its multi-modal studies take full account of the road network.

Given TfW's new responsibilities in relation to bus franchising and the multi-modal expectations set out in this letter, it will be important to consider future options for TfW's role in supporting the operation and development of the SRN, particularly its role in offering good joined up transport information through one source that can encourage sustainable choices as well as offering advice on road space re-allocation.

TfW Objectives:

31. In partnership with the Welsh Government and local authorities, support the integration of both local and strategic road networks and consider alongside other transport assets in the development of sustainable transport schemes and programmes.

32. Work with the Welsh Government to develop multi-modal solutions to schemes recommended by the Roads Review including advice on road space re-allocation and transport information provision that encourage sustainable choices.

7. Innovation

If we are going to meet our climate change targets, we need to make it easier to do the right thing. I expect TfW to be leading the way on modern, innovative and cross-modal solutions, to ensure that sustainable 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, better integration of modes, and looking beyond directly transport interventions to include land use planning and behavioural change.

The regional transport programme which evolves the Metro programme (set out in Annex 2) focusses on regional working and includes collaborative working with a range of stakeholders, including Local Authorities, Corporate Joint Committees, the UK Government, transport operators, and the third sector.

Whilst freight operations are not within TfW's remit it is increasingly important that freight, logistics and micro-logistics (including cargo and e-cargo bikes) are considered in the development of the transport network, both in terms of strategic intent and practical local implementation alongside active travel and public transport.

TfW Objectives:

33. Work with us to support reform of the taxi regime including measures to decarbonise the fleet.
34. Support the development of a freight and logistics strategy.
35. Further embed multi-modal modelling and forecasting in decision-making that is consistent with the economic and transport context in Wales.
36. Lead the way on the development and implementation of innovative services, products and technologies to support modal shift.

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. I can confirm your Welsh Government Partnership Team is headed by Gareth Evans.

The positive, constructive and challenge-based relationship developed between TfW and the Welsh Government will play an important role in the delivery of -Welsh Government objectives and I welcome your support for this approach. 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 over the past year in delivering excellent transport services, ensuring value-for-money, and minimising costs.

Yours sincerely,

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

Lee Waters AS/MS

Y Dirprwy Weinidog Newid Hinsawdd
Deputy Minister for Climate Change

Annex 1 – Bus Remit

Roles and responsibilities across the bus system are currently fragmented, with no overall guiding mind, leading to a lack of consistency and standardisation. The Welsh Government, through the Bus Bill, is proposing to hold the statutory responsibility for bus services in Wales. However, as set out in our white paper: One Network, One Timetable, One Ticket, passengers, bus operators and their staff are all crucial to the effective delivery of services to meet people's needs and we will need to bring key stakeholders together to offer a guiding mind for the overall system. Local authorities will retain key responsibilities, including local intelligence and insight, local infrastructure and school transport while Transport for Wales, with Ministers' agreement, will bring together these partners and provide technical advice to allow them to set a joint strategic direction for bus services in Wales.

Subject to the final version of the Bill agreed with the Senedd, TfW will:

- lead on the development and delivery of the system as a whole.
- work in partnership with local and regional representatives to develop and dynamically manage bus networks and priorities, recognising the significance and importance of local bus expertise, knowledge and relationships and the ongoing role of LAs in the transport system.
- be accountable for services and how they will run - including routes, vehicle standards, timetables, fares, branding, passenger information and ticketing.
- provide direction and consistency across Wales.
- procure and manage bus services.
- distribute funding to operators and managing revenue risk on behalf of Welsh Government within an agreed fiscal envelope.

In order to facilitate this, both the Welsh Government and Local Government will need to develop appropriate mechanisms to hold TfW to account in its role in delivering the bus franchising programme on behalf of our democratically-accountable public authorities.

Annex 2 - Regional Working Remit

The evolution of the Metro programme will result in the creation of new Regional Transport Teams (RTTs) with a clearer focus for mid-Wales to give complete national coverage and align with other activities on this regional footprint. They should develop Welsh Government funded regionally important solutions that offer some of the best opportunities to meet our mode shift targets, and reduce road congestion, carbon emissions and air pollution, guiding solutions through the Welsh transport appraisal guidance (WelTAG) process up to final investment decision, before handing over to delivery teams.

They should consider transport problems and opportunities flagged by stakeholders, such as via a WelTAG Stage 0 report, and advise the Welsh Government on priorities for action, taking into account budget and resource allocations.

The RTTs should help rationalise both the number and size of WelTAG studies that we fund. This will reduce pressures on financial resource and personnel, ensure studies are working on the right geographical and modal scope, and better focus our efforts on priorities for action.

RTTs should identify and manage the interdependencies between projects to ensure the overall action within the region delivers maximum benefits. The RTTs drive collaboration with the Corporate Joint Committees (CJCs) and local authorities to ensure that local and regional needs are also met through their development activities. The RTTs shall work to strongly support the CJC's to develop and deliver their Regional Transport Plans (RTPs), such as through co-ordinating regional advice to the CJC from the TfW Analytical Unit.

The RTTs shall work with regional equivalents in land use planning and economic development. This will support the development of Strategic Development Plans and longer-term achievement of transport objectives through the location and design of housing, jobs, and services.

Regional Teams should pay particular attention to tailoring for the particular needs of the communities within them, such as optimising for rural needs.

TfW should also continue to resource the South-east Wales Burns Delivery Unit to deliver the recommendations of the South-east Wales Transport Commission until its Chairs and the Welsh Ministers agree the work is sufficiently developed, and to support the development and implementation of a road user charging scheme for the Cardiff Capital Region. 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 continue to support and deliver work arising from the recommendations of the North Wales Transport Commission's final report this autumn. The RTT for North Wales should prepare for responding to these recommendations.

Annex 3 - Electric vehicle charging infrastructure

TfW should continue to resource the management of the EV Charger rollout programme, aiming to optimise the network whilst seeking to maximise the non-public investment in it through engagement with operators and partners. TfW's role is to assist in delivery of the EV Charging Strategy for Wales and its Action Plan, published in 2021. This work involves working closely with both public and private sector chargepoint delivery partners.

Key objectives include:

- Manage and monitor the Welsh Government Ultra Low Emission Vehicle Transformation (ULEV) grant funding, ensuring fair and equitable means of prioritising grant funding to the public sector to meet the goals of the strategy.
- Review the actions in the Equality Impact Assessment and support their delivery.
- Support WG's National Charging Standards and the adoption of other EV charging national standards relating to equalities issues including PAS 1899.
- Develop a EV Charging Service Support Centre for public and private clients, providing a range of assistance to owners, developers and users of EV charging points.
- Deliver railway station EV charging infrastructure across the Core Valley Lines and at additional Wales and Cross Borders station car parks.
- Establish a Programme Management Office (PMO) to govern delivery arrangements, set standards and monitor progress.
- Engagement with Distribution Networks Operators (DNOs) to ensure current and future grid capacity is sufficient for the preferred network. TfW will create and manage a public/private sector Connections Task and Finish working group.
- Engage with the private sector to optimise the delivery of the preferred network and foster public-private sector collaboration. TfW will create and manage a public-private sector ChargePoint Operator (CPO) Task and Finish working group to address key barriers to commercial development. TfW will also provide support, tools and guidance to enable local authorities and private sector to deliver the preferred network.
- Identify and develop innovative solutions which improve the quality of experience for customers and remove barriers to delivering charging infrastructure. This includes new business models, commercial arrangements and technologies.