



Eich cyf/Your ref
Ein cyf/Our ref

21st April 2021

Dear Scott

Interim Remit letter for Transport for Wales 2021/22

This Remit Letter sets out an interim operational remit for Transport for Wales (TfW) for the period to 31 March 2022 (the “Period”). It should be noted that following the Senedd elections in May 2021 this letter will need to be reviewed and confirmed in light of a new administration and its priorities for TfW.

I would like to thank you and the Board for your leadership and the staff of TfW for the professionalism and dedication you and they have demonstrated in delivering your objectives last year and during the ongoing COVID-19 crisis.

As a registered company under the Companies Act 2006, TfW has a clear, legal identity within a robust and well-established framework allowing it to make operational decisions. However, executive functions remain with the Welsh Ministers, and the provision of administrative services by TfW to the Welsh Government to support the exercise of relevant statutory functions by the Welsh Ministers must be in accordance with this remit and all relevant legal obligations. As a wholly-owned subsidiary of the Welsh Ministers, TfW is an integral part of the public sector in Wales and must act in the public interest.

Strategic Objectives

The Welsh Government (WG) current priorities for TfW are set in the context of Taking Wales Forward 2016-2021, Prosperity for All; the national strategy, the Economic Action Plan, the Wales Transport Strategy – Llywbr Newydd and the Well-being of Future Generations (Wales) Act 2015.

The upcoming Senedd elections will see new Government priorities. However any changes to the remit will be set within the context of the Wales Transport Strategy, the National Transport Delivery Plan and the priorities of the next Government. Any new remit could

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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.

also cover the full Senedd term along with a five year indicative budget to support longer term planning.

TfW has an important role in driving integration across the entire transport network. The Welsh Ministers' aspiration for TfW is to improve connectivity, drive economic growth and transforming the transport experience by creating a safe, sustainable, resilient and effective transport network. TfW shall deliver trusted expert advice through leading, innovating and collaborating and building partnerships capable of delivering Welsh Minister's aspirations.

To support the creation of a truly integrated transport network, TfW shall develop and work with operators to deliver a national account based ticketing scheme which shall include multi-operator tickets, a multi-modal integrated 'smart' ticketing platform and support a variety of cashless payment systems.

To support inclusiveness of the most vulnerable in society, the national ticketing system shall also be able to support cash payments in some form.

TfW are also remitted to replace existing payment technology at TfW operated/branded car parks with Automatic Number Plate Recognition (ANPR) based systems. ANPR parking should be integrated with the TfW account based ticketing system, so registered users do not need to interact with any car park based ticketing machines.

Rail

Due to the current CV-19 pandemic, the rail industry, along with other modes of transport, has been severely affected and the Welsh Ministers directed TfW to establish a subsidiary company, TfW Rail Limited, to deliver rail passenger services as the Wales Operator of Last Resort (WOLR) to discharge the Welsh Ministers' duty under section 30 of the Railways Act 1993, further to the termination of the Wales and Borders franchise contract. TfW Rail Limited commenced operations on 7 February 2021.

Wales and Borders Rail Services

TfW shall continue to work with WG on the plans for developing Key Performance Indicators (KPIs) to ensure rail services are delivered in as efficient manner as possible whilst still putting the safety and needs of customers first.

In managing the day to day contract with TfW Rail Limited TfW shall, in line with the OLR Services Agreement, and Letter of Appointment of Transport for Wales, provide administrative services to the Authority in connection with the OLR Grant Agreement and ensure that;

- TfW Rail Limited deliver the committed services and obligations on the Wales and Borders Network.
- TfW Rail Limited undertakes a bottom up review of operating costs to identify opportunities for efficiency savings whilst ensuring that safety is not compromised.
- TfW Rail Limited engages and undertakes promotional activities to attract patronage back onto the Wales and Borders network as Wales recovers from the CV-19 pandemic.
- TfW and TfW Rail Ltd collaborate to ensure that improvements, and new opportunities, to secure enhanced rail connectivity across the Wales and Borders network are secured in the major December 2022 Timetable changes.

Despite the CV-19 pandemic impact on passenger numbers TfW shall continue to explore opportunities for collaborative opportunities with open access and other train operators (e.g. Grand Union) looking to introduce new services in Wales. Any proposals will need to be discussed in detail with WG officials prior to any business case and/or recommendations being developed for Ministerial consideration.

Core Valley Lines

TfW shall continue to develop its capacity (within available budget) to ensure the effective and efficient management of the infrastructure to deliver both business as usual, and the delivery of the Metro Transformation Project along the CVL. It is therefore expected TfW demonstrate on an ongoing basis the necessary governance processes are in place for ensuring compliance with statutory duties for the safe operation of the asset and to meet regulatory requirements of the Office of Rail and Road (ORR).

TfW shall produce a five year plan setting out the programme of works and the envisaged periods of time where rail services may be disrupted as a result of the works and customers affected. This plan shall be kept under review and an appropriate communication strategy implemented to ensure customers are informed sufficiently in advance, and are aware of what alternative transport arrangements will be available.

In developing this plan, TfW shall ensure it has secured the requisite multi-disciplinary support required to design, procure, and secure, all relevant consents, licences, leases, or land required to deliver the Core Valley Lines Metro Transformation capital works in accordance with the milestones set out in an updated programme. TfW should ensure all suitable safeguards should be in place to protect those interests on behalf of Welsh Ministers, including where appropriate, providing security to The Welsh Ministers in the form of a Legal Charge. Should commercial negotiations fail to secure required interests TfW must consult with WG to determine how appropriate applications should be made to secure any land required to deliver the CVL transformation project e.g. through Transport and Works Act Orders.

TfW shall develop the long term Operation, Maintenance, and Renewal programme for the CVL to determine funding requirements post 2024, and engage with ORR to assess and validate the OMR plan in alignment with the CP7 process.

Metro

TfW shall continue to plan and develop, in conjunction with WG, the metro schemes in South, North and West Wales. This will include a costed five year delivery plan along with key milestones.

In south east Wales in particular, TfW shall establish a delivery unit, in partnership with Newport Council and Network Rail, in preparation for implementing any of the recommendations of the South East Wales Transport Commission that Welsh Ministers choose to pursue.

TfW shall provide support to WG to develop the new Integrated Public Transport Programme in terms of network planning and service specification across all modes of travel, and innovative developments to provide integrated transport (including taxis).

Development of Transport Interchanges

TfW shall support WG in its work with local partners to develop regeneration plans and transit orientated development in the areas around rail stations. TfW shall consider how rail services and infrastructure investment can enhance and integrate transport links to support the consolidation of public sector activities in the vicinity of rail stations; the creation of new affordable and commercial housing; the regeneration of town centres; maximise cultural and tourism opportunities; and the development of commercial offices and to a very limited extent retail space. In doing this, TfW shall seek to promote place making principles set out in Planning Policy Wales.

TfW shall work with WG to explore and optimise the use of a range of mechanisms to capture the value and wider commercial opportunities which could be generated from the investment in transport infrastructure and services, which could under the principles of not for profit be reinvested into public transport services, at the express agreement of the Minister.

New stations and station upgrades

TfW shall continue to deliver agreed new station developments and station upgrades, including those under the UK Government's New Stations Fund and Access for All programmes and include within its budget requirements agreed match funding requirements. It shall submit future applications to UK Government on behalf of Welsh Government.

Bus

The CV-19 pandemic has required that WG undertake a fundamental review of the arrangements for the planning, funding and delivery for the bus industry in Wales and working together to date, a programme of potential reform has been developed to address these arrangements. Specifically, TfW will:

- continue to work with WG on the bus reform programme and contribute to the development of a bus strategy;
- advise WG on providing technical and specialist support to develop and analyse projects within the programme in accordance with WelTAG principles;
- develop network Design & Standards, including working with stakeholders on implementing, piloting and evaluating innovative delivery models such as Fflecsi;
- conduct a review of the existing bus fleet in Wales, with a view to advising on ownership models and a delivery plan for achieving the 2028 zero emissions target;
- continue to support the ongoing operating model design work, including roles and responsibilities;
- work with operators to review funding and fares, including payment processes and reconciliation, integrated ticketing across modes and operators, and review of existing funding streams and grants;
- advise on the development of infrastructure, including bus stops and interchanges, information systems, and bus priority;
- propose how to address demand stimulation, including encouraging a return to public transport campaign;
- manage the Bus Emergency Scheme (BES) contract on behalf of Welsh Government;
- support the development of partnerships in accordance with the principles in the Umbrella Partnership Agreement contained in the BES 2 contract;
- proactively manage external partners and stakeholders including local authorities, operators, and travellers;
- continue the management and administration of MCF card renewal programme.

Traws Cymru

TfW are remitted to provide administrative support to the Welsh Ministers in connection with functions the Welsh Ministers exercise in respect of the TrawsCymru network. TfW will put into place sufficient arrangements for the ongoing management of the Traws Cymru network, managing the board, and working with stakeholders and provide monthly management reports to WG. TfW will also develop options for possible expansion and greater integration with both rail and bus networks.

TfW will work with stakeholders, including WG, to improve the Traws Cymru bus fleet and develop a replacement strategy to contribute to WG's decarbonisation targets.

Demand Responsive Transport (DRT)

TfW will continue to work with WG Community Transport Association and a range of stakeholders, to explore and develop innovative delivery models across Wales to contribute to a more efficient public transport network serving different communities. In particular, TfW will:

- develop and manage the existing Fflecsi pilots, including the new scheme in Newport;
- undertake a full evaluation of the pilot schemes and make recommendations for the future of this operating model;
- ensure any changes continue to complement the Bwcabus scheme;

Active Travel

Ministers have announced that TfW would provide administrative support to the WG for the Active Travel Fund (ATF). This additional support will include the grant management of the Active Travel Fund, the day-to-day administration and claim processing and TfW will work with WG to ensure that the processes work as seamlessly as possible.

To deliver this TfW will put into place resource to work with local authorities in each region in developing their plans and priorities for active travel schemes in their region.

For 2021/22 all applications will be submitted through the newly developed system, which is intended to make the application and appraisal process more efficient for local authorities, and will make on-going tracking and monitoring over the life of each scheme simpler. TfW will ensure the effectiveness of the portal and provide all guidance, assistance and training to operators in its use.

TfW will also develop consistent monitoring and evaluation frameworks to appraise all applications and schemes, providing advice and challenge to LAs where appropriate. It will track the impact of the funding at a local, regional and national level and report regularly to WG to inform of progress and to help develop future policy proposals.

TfW will manage the communication and marketing support on Active Travel and provide advice and support on travel behaviour change initiatives at local and national level. TfW will also undertake work to widen the availability of public bike share across Wales, and support work to increase active travel capacity and capability across Wales through training and skills development.

Wales Transport Strategy

TfW shall support WG in the ongoing monitoring and review of the Wales Transport Strategy (WTS) including the collection of qualitative and quantitative data and research, and the publication of bi-annual reviews and updates as needed.

TfW will be responsible for developing and implementing a monitoring and evaluation framework to track progress towards the ambitions, priorities and mini-plans in the WTS and enable the WG to publish annual reporting.

National Transport Delivery Plan (NTDP)

Working with WG, TfW shall develop the National Transport Delivery Plan (NTDP) based on the WTS and a Statement of Funds Available (SoFA) over the 5 year period starting April 2022. TfW shall develop the NTDP to maximise the outcomes set out in the WTS within the funding available in the SoFA. The NTDP shall include an integrated impact assessment (including options where necessary) agreed with WG, Ministers and the Senedd Cymru/Welsh Parliament. The NTDP shall be developed by working with bodies such as the National Infrastructure Commission for Wales and the Future Generations, Older Persons, Children's and Welsh Language Commissioners.

The NTDP is very much a delivery plan, focusing on specific projects and programmes. It will need to be supported with the appropriate impact assessments.

It will also need to be linked to other aspects of the WTS delivery, including initial thinking on Regional Transport Plans, the 9 sector mini plans and the various pathways emerging from the WTS.

The purpose of the NTDP is to:

- Play a key role in the implementation of the WTS by developing programmes and projects that deliver the ambitions and priorities in the Strategy.
- Provide a five year investment framework, identifying specific projects and programmes
- Ensure that decisions about transport investment is strategic and proactive, and contributes to long term priorities such as decarbonisation (whilst still retaining the flexibility to respond to immediate crises).

This document will be a plan defining the key areas of expenditure for transport in Wales over the next five years. It will build on previous National Transport Finance Plans, but the approach will be shaped and informed by the new Wales Transport Strategy, Llwybr Newydd.

Working with WG the plan will be completed by April 2022.

Regional Transport Planning

TfW shall work alongside the WG with local partners, including Local Authorities and regional transport authorities to ensure planning is of a high quality and is aligned with WG's objectives and legal obligations. TfW will be required to administer and maintain a Regional Transport Model and provide assistance to CJsCs/regions as required in preparing Regional Transport plans.

Transport delivery

TfW shall play a key role to develop and deliver transport infrastructure investments identified in the NTP. In so doing TfW shall provide programme/ project management, promotion and communication support, stakeholder engagement, analytical support, scheme development (including WeITAG and Grip) (including supporting WG to develop schemes with the UK Government) and across Wales, including specific areas in Wales. This shall include collaborating with local authorities, Transport Authorities, passenger and operator representative bodies and the WG to support delivery of wider programme benefits.

Transport Modelling and Analysis

TfW shall further develop its Analytical Unit to ensure it is capable of undertaking transport modelling and analytical assurance, monitoring and analysing data on transport performance, as well as the wider economic, social and environmental impacts of transport, providing integrated impact assessments, advice on survey and analysis techniques, and other information to assist policy development within the WG and our partners.

The Analytical Unit in TfW shall continue to manage the use and development of the three regional transport models.

The unit will also develop, manage and procure a National Transport Survey to support monitoring and evaluation of the WTS and strengthen Wales' evidence base. The Analytical Unit shall support Local Authorities and WG with data collection and analysis, including a national transport survey, to enable the effective evaluation of all transport schemes and interventions funded by WG.

The Analytical Unit shall develop an evidence 'bank' which will consolidate data sources on transport from across the public sector in Wales, including both transport performance and the wider economic, social and environmental issues relating to transport including participation by protected groups. This shall be an accessible resource to aid the targeting of interventions and development of policies. The bank shall be maintained regularly to include the most recent data releases and new sources as they emerge.

The Analytical Unit shall also work collaboratively with WG and academic experts to identify gaps in the evidence base for transport and commission studies to fill them.

Expert Advice and Project Management

WG will continue to rely on TfW to provide on-going professional advisory and consultancy services, including the development of the case for investment in the transport network. It is expected that the use of TfW employees and external consultants across these services shall continue to be re-balanced with the aim of developing TfW's internal knowledge, understanding, capability, and intelligence. TfW must develop the internal capacity and capability to work closely with the WG to develop individual business cases, feasibility studies, investment funding submissions, integrated impact assessments, including to UK Government, and to support the WeITAG process and other funding submission requirements.

All projects requiring these services will need to be covered by a Consultant/Project Control Process (CCP) form which will have a full specification of the required work together with a fully costed proposal which must be approved by a relevant senior official in both TfW and the delegated budget holder in WG. This will then be authorised by the Deputy Director Economic Infrastructure before work is commenced.

There are a number of projects for 2021-22 that have been identified and which TfW will be delivering for WG, outlined below, but this could be added to during the year. The current projects include:

Taxis

Policy Development.

Working with WG policy leads, TfW should undertake focussed customer research to enable the development of a comprehensive evidence base to support policy proposals for new legislation.

Green Fleet

Working with WG policy leads, LAs, the taxis sector and other key stakeholders, TfW should develop plans to assist in the development of proposals to support the plans for a fleet of green taxis.

20 mph and Pavement Parking Projects

TfW will assist in WG in providing project support for the 20mph and pavement parking projects.

Decarbonisation and Air Quality

TfW shall develop and publish an achievable costed plan, by end of March 2022, to achieve net zero Carbon emissions for all TfW direct operations and transport operations, supported by funding administered by TfW on behalf of the Welsh Ministers (e.g. buses, trains, facilities and back office operations) by 2030. TfW will begin work with immediate effect to deliver the plan, noting the Government's existing commitment to a zero emission Bus and Taxi fleet by 2028. Ensure all TfW operations delivered in support of the Welsh Ministers are designed and delivered based upon the latest data on climate change risk and impacts, and robust climate change adaptation plans are in place. TfW shall publish a clear, costed delivery plan including details of specific actions, funding sources, detailed targets and monitoring arrangements for reaching our decarbonisation targets.

TfW shall review and assess impacts of pollutant emissions to air for all operations and transport operations, supported by funding administered by TfW on behalf of the Welsh Ministers, ensuring existing or new operations do not cause or contribute significantly to limits for ambient air quality (as set out in the EU Ambient Air Quality Directive (2008/50/EC) and the Air Quality Standards (Wales) Regulations 2010). TfW shall publish and update the review of pollutant emissions to air for all operations and transport operations annually. Where existing operations contribute to areas of exceedance, operation of ultra-low emission technologies will be required, along with active collaboration of TfW with those bodies responsible for air quality management in order to develop and implement remedial action.

TfW shall ensure plans to achieve net zero carbon emissions for all TfW operations are consistent with, and supportive of, plans to minimise air quality emissions and associated impacts. This shall be demonstrated through quantitative consideration of air quality alongside greenhouse gases within the plans.

Electric Vehicle Charging

In support of the decarbonisation project TfW shall assist WG policy leads with the development of the Electric Vehicle Charging Strategy and Implementation Plan, set out pathways to deliver 2028 targets for ULEV taxi/ PHV and bus fleet, roll out EV charging infrastructure and the management of the ULEVT Fund.

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 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 be accompanied by a financial plan showing how TfW will deliver the remit and be profiled over a 12 month period. In addition TfW shall also provide WG policy leads with a HR resource plan complete with organisational staff organogram along with its operational costs required to meet the objectives of this remit. It will need to outline how the organisation will develop its staff to meet the requirements of the strategic objectives and how it will build its capacity and capability to meet the strategic objectives set out above.

As set out below, funding details will be confirmed following the approval of your business plan and will be for the period of the remit. Therefore, the business plan shall clearly describe the activity TfW shall be undertaking during the period. Before funding for the business plan is finalised, TfW must ensure in conjunction with the relevant WG policy lead that all proposed activity identified within the business plan is agreed and funding is available.

In developing its Corporate and Business Plans, TfW shall reflect the Strategic Objectives mentioned above and reflected in this letter along with working with the Design Commission for Wales to enhance the built environment and building on any relevant National Infrastructure Commission for Wales recommendations.

The Business Plan shall set out how TfW will work with the Development Bank for Wales to develop innovative funding solutions. It shall also set out how the work of TfW will maximise opportunities for the Welsh Supply Chain.

To assist in WG financial planning for 2022/23 you will be required to work with Economic Infrastructure colleagues from June 2021 to start identifying the future funding requirements for TfW operations.

TfW Brand

TfW shall continue to maximise its efforts in raising brand awareness of TfW and improving perception with passengers, the general public, its stakeholders and supply chains. Tighter controls shall be exercised over brand management, and TfW shall leverage the brand as a mechanism for driving innovation across the business, from excellence in marketing and communications, quality across all areas of customer service, to bold and ambitious longer-term project ideas that embed the brand into the fabric of Welsh life.

TfW shall work with local stakeholders and WG to develop local brands for the Metros in North East, South and West Wales. Further, TfW shall also proactively seek opportunities to interact with Local Authorities, Members of the Senedd, the public and the media with the aim of ensuring stakeholders and the public are aware TfW is a company wholly owned by

the Welsh Ministers and responsible for operational decisions, within a robust and well-established governance framework, related to delivery of TfW's business plan.

Supporting Welsh Language and Culture

As well as meeting legal duties under the Welsh Ministers' Welsh Language Standards, TfW shall develop the important role that it plays in supporting Welsh language and culture, recognising the diversity of Wales' regions, the needs of communities, and the interests of different passenger groups.

TfW shall develop a plan for presentation to WG policy leads within 6 months, which sets out additional Welsh Language ambitions that can be delivered along with a programme for doing so.

TfW shall engage with Visit Wales to ensure new infrastructure and strategic developments take into account and enhance the wider visitor experience in Wales, in line with the priorities in Welcome to Wales - Priorities for the Visitor Economy 2020-25.

Wellbeing of Future Generations

The Welsh Government requires TfW, as a wholly owned government company, to work in line with the five ways of working set out in the Wellbeing of Future Generations (Wales) Act 2015.

TfW will be required to report to WG how it is using the five ways of working, how it is contributing to achieving the seven wellbeing goals, and how its approach will progress year on year.

Funding

Confirmation of funding for the activity for the period of the remit will be set out in an annual funding confirmation letter following the approval of TfW's business plan.

Prior to 31 March 2022 TfW shall develop a plan for generating sufficient savings through operational effectiveness and efficiency to cover the costs of its own operation.

Oversight Arrangements

Your Partnership Team will contact TfW shortly to arrange a meeting to discuss oversight and reporting arrangements for the period of this remit. WG operates a risk-based approach to oversight, and works collaboratively with wholly owned companies and public bodies to identify the appropriate level of oversight and monitoring for the individual organisation.

The Partnership Team will undertake regular assessments of the risk assurance framework and will also consider, in conjunction with the Public Bodies Unit (PBU), on an annual basis the need for a tailored review of the organisation.

This letter shall be considered in conjunction with the Framework document.

I look forward to working with you over in delivering this exciting programme.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', enclosed within a thin black rectangular border.

Ken Skates AS/MS

Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales