

**TRAFNIDIAETH
CYMRU
TRANSPORT
FOR WALES**

3 Llys Cadwyn
Pontypridd,
CF37 4TH,
029 2167 3434
James.price@trc.cymru
trc.cymru

3 Llys Cadwyn
Pontypridd
CF37 4TH
029 2167 3434
james.price@tfw.wales
tfw.wales

Llyr Gruffydd MS
Chair of the Climate Change, Environment, and Infrastructure Committee

17 June 2024

Dear Llyr Gruffydd MS

I am writing in response to the Climate Change, Environment and Infrastructure Committee's report on rail services and TfW's performance in 2023-24. On behalf of TfW, I welcome the Committee's robust scrutiny of our performance to ensure the best rail services TfW can offer for the people of Wales and its border regions, and the integrity of the processes in place when spending taxpayer money to transform the railway. I recognise that 2023 was a challenging period for TfW operationally as a result of fleet shortages and reliability issues, while delivery of the CVL was impacted by cost pressures as a result of the war in Ukraine.

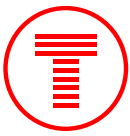
I am grateful for the patience of our customers, lineside neighbours and stakeholders as we worked through this difficult period, and while the Committee's report is a snapshot of that moment in time, I am pleased to confirm that in 2024, performance has improved following the introduction of our new trains into service, with over 80% of TfW trains arriving on time or within 3 minutes of their scheduled arrival since January, and the most recent statistics for March indicating that this has risen to 85%. Cancellations across the network for 2024 have also stayed below the annual average 5% target. The Treherbert line has now reopened having undergone significant transformation (alongside the Aberdare and Merthyr lines), while new trains have been introduced to the North Wales, Maesteg, Ebbw Vale, Marches and South Wales lines, including to the most south-westerly reaches of our network to Fishguard Harbour and Pembroke Dock.

I look forward to sharing continued improvements with the Committee and will now respond to each of the reports 21 recommendations.



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Recommendation 1: TfW must ensure that its business and financial plans are published in advance of the 2025-26 financial year.

Response: Accept

Since the TfW's appearance before the Committee in November 2023, we have published our 2024/25 business and financial plans, which were made publicly available on 26th March 2024. The Welsh Government issued its funding letter to TfW on 15th March 2024, outlining its financial support for TfW for 2024/25 (found here: [Welsh Government Financial Support for Transport for Wales \(TfW\) 2024-25](#)). In turn, TfW's Business Plan was published in response to that letter and can be found here, with financial information on pages 11-12: [Business Plan, 2024/25 \(tfw.wales\)](#). We will publish the 2025/26 business plan prior to the financial year as required (and as we have done this year); this is subject to approval from the Welsh Government.

Recommendation 2: TfW and the Welsh Government must ensure that TfW's full budget is available for scrutiny at the same time as the Welsh Government's draft budget.

Response: Accept

We will share our first outline budget with the Welsh Government at the end of July. We will then continue working with Welsh Government colleagues over the summer and into the autumn, providing insight and challenge as agreed. Publication of TfW's full budget is subject to approval from the Welsh Government.

Recommendation 3: The Welsh Government and TfW must continue to streamline the budget setting process to minimise the number of bilateral agreements that are required.

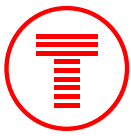
Response: Accept

Welsh Government and TfW continually work to streamline and improve the budget setting process and will implement the learning taken away from the current year's process.

Recommendation 4: TfW must set out how it plans to manage potential shortfalls in farebox revenue over the next three years.

Response: Accept in Principle

The COVID-19 pandemic had an unprecedented impact on rail passenger revenue and prolonged delivery of the CVL transformation. As a result, several years of accelerated passenger revenue growth have been delayed. The impact of COVID-19 on rail passenger revenue was felt across the UK, and TfW's services have recovered marginally better than other train operating companies in England, while at the same time delivering significant transformational change on the CVL.



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TfW updates its 5-year forecasts of passenger revenue and other forms of income annually, with risks/opportunities identified as part of this process. Processes are in place to mitigate against any material risks to delivery of targets via governance structures in place. In addition, passenger revenue and other forms of income are closely monitored both weekly and periodically, while results (including performance against targets set) are scrutinised on an ongoing basis.

A key focus on value for money and ensuring the requirements of Welsh Government can be delivered in a cost-effective way is evidenced in our budget-setting process for 2024/25; while TfW is also committed to optimising commercial opportunities by way of marketing campaigns and the leasing of prime retail spaces (for example, at the new Cardiff Bus Interchange), as well as leveraging value from our supply chain.

Recommendation 5: TfW should publish its corporate KPIs immediately and provide regular updates.

Response: Accept

TfW committed to releasing quarterly KPI reports for 2024/25. TfW also committed to publishing KPIs for Q4 of 2023/24; naturally, this must be after the 2023/24 financial year has ended. As we have now entered a pre-election period following the announcement of a general election on the 4th July by UK Government, we are currently unable to release this information due to pre-election restrictions. However, this information has been shared with the Welsh Government and is ready to release as soon as these restrictions are lifted after the election. We will share this information with the Committee as soon as it is published.

Recommendation 6: TfW should update the Committee within the next 6 months on progress in further reducing the gender pay gap and improving workforce diversity.

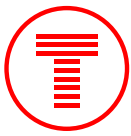
Response: Accept

TfW will write to the Committee regarding an update in November 2024.

Recommendation 7: TfW must set out a clear plan to address its poor performance in key areas as set out in Chapter 3 of this report. In particular, it should explain the steps it will take to improve passenger communication.

Response: Accept in principle

TfW has developed joint performance plans with infrastructure providers Network Rail and Amey Infrastructure Wales; and a refreshed tripartite strategy for performance improvement between TfW and these infrastructure providers was launched in April 2024. Additionally, TfW Rail Board has established a sub-committee focussed on driving up operational performance.



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Improving the reliability and availability of rolling stock is a key priority for TfW as a train operator. While rolling stock shortages caused problems during the latter half of 2023, the situation improved significantly with the introduction of new trains and transformation of the network. Delivery of a large driver and conductor recruitment and training programme, along with three-year pay and productivity deals with these staff groups, also means that poor performance due to traincrew shortages is rare.

We are developing a plan to improve the transparency and effectiveness of our overall performance communications, including enabling customers to understand how their services are performing. We're continually improving the delivery of our customer information provision through digital capability and by working with our front-line teams to equip them with better information.

Recommendation 8: TfW should publish weekly performance data for each service on the rail network in a way that is accessible to passengers. This information should be circulated regularly to relevant constituency and regional Senedd members.

Response: Accept in principle.

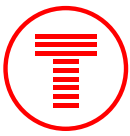
TfW is developing a plan to improve the transparency and effectiveness of our overall performance communications, including enabling customers to understand how their services are performing. Once the approach has been agreed, performance data will be available online for all to see.

Recommendation 9: TfW should ensure that, where a service has been terminated early, it provides alternative transport to each passenger. If TfW cannot provide an alternative mode of transport, such as a rail replacement, passengers should be given the necessary funds to pay for an alternative.

Response: Accept in Principle

TfW does everything within its power to avoid terminating services short of their end destination. When this is unavoidable, TfW controllers follow a guidance framework to recover services from disruption as quickly as possible and prevent a knock-on effect causing the next services to be delayed. In many cases, the next service is not far behind, minimising delays to affected passengers. Controllers communicate with onboard conductors and monitor CCTV both at the station and on the train to determine whether the decisions taken in these circumstances will lead to excessive crowding or passengers being left behind, unable to board.

Sometimes, a train will be instructed to call at unscheduled stations to offer resilience in these circumstances and provide a service to affected passengers.



In other situations, emergency rail replacement buses, coaches and taxis are mobilised to keep passengers moving. The controllers responsible for organising rail replacement transport have recently relocated to our control centre in Cardiff, enabling easier communication with controllers responding to service disruption on the railway, ensuring more joined-up decision making when a service needs to be altered and rail replacement transport needs to be mobilised. TfW has strong relationships with a range of local and regional private-hire bus and taxi companies, with the ability to transport passengers with mobility/accessibility requirements, and the success rate for mobilising rail replacement transport at short notice is high. It is important to note that we may face difficulty sourcing this transport when private hire companies are committed with existing school bus contracts during term time.

Compensation requests for taxi journeys made during disruption are treated fairly and consistently, with consideration given to whether any TfW rail replacement transport was provided and whether passengers had time-sensitive onward connections, along with strict limits on driver hours and rest days as set out in law.

Recommendation 10: TfW must adapt its processes for managing situations where services are terminated early to take account of the different impact winter weather may have on passengers. As part of this work, TfW should also consider the location of the station where the service is terminated and its proximity to alternative transport services and facilities.

Response: Accept in Principle

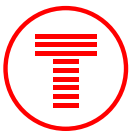
As outlined in recommendation 9, terminating services short of their destination is a last resort to help recover the service during or after a disruption to the network. The guidance framework used by controllers to make these decisions is under constant review and in applying the framework, whenever there are options, controllers will take account of remoteness, winter weather conditions, last train times and the likely time it will take for any rail replacement transport to reach that station.

A recent example of reviewing the guidance framework is the preference for using Llandrindod rather than Llanwrtyd if a service termination is required on the Heart of Wales line. Llandrindod has part-time station staffing, town centre amenities nearby and other transport connections, so is more suitable than Llanwrtyd.

Recommendation 11: TfW should provide the Committee with an update within the next 6 months on progress towards the target of 95% of journeys being on new trains by the end of 2024.

Response: Accept

TfW will write to the Committee with this update in November 2024.



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Recommendation 12: TfW should report back to this Committee on the outcome of its review into rail services and timetables within the next six months.

Response: Accept

TfW will write to the Committee with this update in November 2024.

Recommendation 13: TfW should work with rail passenger groups to communicate the outcomes of the review of rail services with passengers.

Response: Accept

We have undertaken a series of technical briefings with our passenger representative groups ahead of the publication of our strategic timetable review. We are reviewing the responses to the stakeholder engagement exercise and will follow up with all the groups on changes we may be able to make resulting from their feedback.

Recommendation 14: TfW must improve its service provision around major events. It should report back to the Committee within the next six months on the steps it has taken in this regard.

Response: Accept in principle

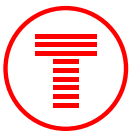
While TfW recognised that there was room for improvement during its appearance before the Committee in November 2023, TfW has since implemented a number of enhancements to its service provision for major events.

Since our November appearance, operational staff have worked tirelessly to successfully deliver enhanced service provision during major events, going above and beyond to transport event goers safely and successfully in and out of the capital during the Six Nations Championship, two Euro qualification games at Cardiff City Stadium and more recently, the Bruce Springsteen Concert at the Principality Stadium.

We know there will inevitably be queues, especially as the Principality Stadium is less than 200m away from Cardiff Central Station; fans and event goers move out of the stadium straight into the Station. However, please be assured that our senior and frontline colleagues take this very seriously and a considerable amount of planning, sometimes taking over a year, goes into making these events happen.

I am conscious that the operational staff who work so very hard to deliver these arrangements often face considerable criticism despite delivering largely successful operations, as well as abuse from the public on the day. It is important to recognise the impact this has on staff wellbeing, and I am keen to ensure these members of staff know that they are valued, even where improvements were needed as a result of factors beyond their control (such as mechanical issues experienced coupling together trains, as happened on one occasion).

TfW is committed to transparency around this process and will write to the Committee with a further update on this matter in November 2024.



Recommendation 15: The Welsh Government and TfW should keep the Delay Repay scheme under review to ensure it is striking the right balance between fairness for passengers and the realities of operating a rail transport network.

Response: Accept

TfW will keep the existing 'Delay Repay 15' scheme under review, including monitoring of associated costs. In this context, it should be noted that the move from 'Delay Repay 30' to 'Delay Repay 15' was a grant agreement commitment.

Recommendation 16: The Welsh Government should provide further detail of the infrastructure enhancement projects that are being considered with the UK Government as part of the “pipeline” of projects to be brought forward if funding becomes available.

Response: Welsh Government to provide this detail.

Recommendation 17: The Welsh Government and TfW should set out their position on the proposals in the recently published UK Government draft Bill on rail reform.

Response: Accept

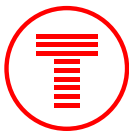
TfW and the Welsh Government have compiled their formal responses to the UK Transport Select Committee. These have been published as part of the UK Parliaments Transport Select Committee publications and can be found here: [Scrutiny of the draft Rail Reform Bill - Committees - UK Parliament](#).

The Cabinet Secretary for North Wales and Transport also attended the Transport Select Committee on 21st May 2024.

Recommendation 18: TfW should explain what actions it is taking to realise the savings from the South Wales metro project and how these savings were identified.

Response: Accept

TfW has reviewed the delivery phasing, required scope of works, procurement strategy, and engineering and supply chain management approach for completion of the CVL Transformation Programme, to ensure that the minimum viable infrastructure is completed to achieve the introduction of new fleets and required rail service enhancements. The review of the infrastructure requirements, delivery timings and the interaction with our new fleets is naturally complex and there is a need for continued review and challenge to ensure we deliver the programme. As part of this ongoing review across multiple disciplines within TfW and its supply chain, we will identify any savings that can be achieved which assist with the overall programme delivery and mitigating cost pressures.



Recommendation 19: Tfw should provide an update within the next six months on the development of the national delivery plan for active travel.

Response: Accept

The Active Travel Delivery Plan was published by the Welsh Government on 14th March 2024 and can be found here: [Active travel delivery plan 2024 to 2027 | GOV.WALES](#)

Recommendation 20: Tfw should provide an update within six months on progress in relation to its work with Corporate Joint Committees and the Active Travel Fund.

Response: Accept

Tfw will write to the Committee with an update in November 2024.

Tfw is working closely with the CJsCs to develop their regional transport plans. The regional active travel leads continue to provide advice and guidance to the regional Strategic Development Programme Managers (SDPMs) to support that engagement and their wider activities. In addition, the regional active travel leads are working closely with local authority colleagues to support them in the development and delivery of their active travel programmes, in particularly those funded through the Active Travel Fund Programme.

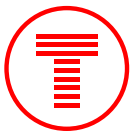
The support programme will be of equal value to the CJsCs in respect of providing good practice advice and guidance, whilst also strengthening the engagement, monitoring and evaluation associated with active travel projects within the RTP programme. Furthermore, the Head of Active Travel and Placemaking, along with senior officers in the active travel team, are involved in discussions with the SDPMs and Welsh Government colleagues regarding the future relationship between the ATF programme, the CJsCs and RTPs in relation to future funding delivery models.

Recommendation 21: Tfw should set out how it is planning to ensure it has sufficient capacity and expertise to take a leading role in the transition to the bus franchising model.

Response: Accept

Over the last two years Tfw has recruited into several key areas to help support the transition to franchising. These include:

- Employees who have established careers in bus operators and have firsthand knowledge of this market
- Employees who have worked within local authorities as transport specialists and have a good understanding of local authority planning and governance, alongside expertise in bus



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- Employees who have a wider skill base around transport and transport planning, such as geographic information systems (GIS), transport planning, programme and project management, as well as change management.

In addition, TfW already employs people with the broader skills necessary to support the transition to franchising, such as procurement, market engagement, contract management, performance management, revenue management, communications, marketing, branding, data analysis, financial management, financial modelling, ticketing, revenue protection and training (etc).

We will continue to monitor this area and build and develop the team as required – including through external challenge from industry experts.

I trust the Committee finds the detail provided in this response useful and commit to writing in follow-up to recommendations 6, 11, 12, 14 and 20 in November 2024. In the meantime, if I can be of any further assistance, please do not hesitate to get in touch.

Kind regards,

James Price
Prif Weithredwr / Chief Executive