

James Price

Chief Executive, Transport for Wales

Vernon Everitt

Chair, Transport for Wales

9 March 2026

Dear James and Vernon,

Annual scrutiny of Transport for Wales

I would like to extend the Committee's thanks to you and to Heather Clash for attending the Committee's meeting on 29 January to give evidence on Transport for Wales' (TfW) latest annual report and on-going work.

While the Committee would usually publish a report following annual scrutiny sessions, as time is limited before dissolution, Members agreed that it would be more appropriate to follow-up issues raised during the session in correspondence. These are set out in the Annex.

We would like to thank the executive team and TfW's wider staff for the constructive way in which they have engaged with the Committee throughout the Sixth Senedd. We agree with your comments "that there has been solid progress on performance" and can see that the work you are delivering is on a positive trajectory. While there is always room for improvement, we are confident that things are in good hands at the moment, and we hope to see this continue.

A copy of this letter has been sent to Ken Skates MS, Cabinet Secretary for Transport and North Wales.

I would be very grateful for a response by 6 April so that it can be shared with Committee Members before dissolution.

Yours sincerely,





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

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Annex: Annual scrutiny of Transport for Wales

Budget

We discussed your funding gap for 2026-27, both for revenue expenditure and capital. We would be grateful if you could share details of how you are addressing that gap with the Committee, including any reprofiling or reprioritisation of projects. It was suggested that taking “any Welsh Government underspends at the back end of this year by bringing forward some procurement activity” could improve the potential challenge you face next year. We would welcome this approach and would be grateful if you could update us on any discussions with Welsh Government in relation to such an approach.

We discussed that TfW does not have a single-line budget and you will be familiar with the challenges we have faced as a result in trying to scrutinise your full budget. We understand that you are “merging lines as practically as possible” and “looking to simplify the process”, and we welcome progress in this area. However, we maintain that the Welsh Government should ensure that TfW’s full budget is transparent.

We also discussed the need for longer term budgeting. You updated us on work to move to multi-annual budgets and discussions with the Welsh Government, , both from a revenue and a capital perspective, and we agree with you regarding the benefits this would bring such as being able to plan better.

KPIs

We noted that your corporate KPI webpages provide limited data – in most cases, just two quarters, and no longer time series or annual figures. We heard that you “are focused on trying to provide that insightful information” and that you are in the process of loading previous quarters as far as 2022-23. We would be grateful if this information could be shared with the Committee. We believe that more comprehensive, time series reporting is essential to be able to clearly see changes in performance over time.

We also welcome that you are trying to evolve your KPI suite in light of your changing remit, particularly in relation to multi-modal aspects of your work, and that you will keep that “under constant review”.

Culture survey

We heard that you have concluded your “first all-business culture survey”. We would be grateful if this could be shared with the Committee.

Budget

You said that there is an “enormous amount of work to do to land bus franchising”, but recognised that “it’s also the right thing to do”. We discussed the original Welsh Government impact assessment. You said that you “do not believe that it will cost anything like that as an overhead to run franchising”, explaining that all of your modelling is based on the existing budget. However, we note that the Cabinet Secretary for Transport and North Wales said, during draft budget scrutiny, that the greatest threat to bus services is ensuring capital funding, as well as revenue, to run services. We acknowledge that you have “assumed” there will be capital funding of about £60 million a year “to improve things like the quality of the bus, move to more carbon-neutral technologies, improve things like bus infrastructure on the road, bus stops, information provision et cetera, et cetera”. In our subsequent scrutiny session with the Cabinet Secretary we noted that he agreed with the figure of £60 million, and also indicated that he believed it would be affordable.

We heard that you will eventually own all of the buses on the network, but given the amount of capital available that this will take “maybe 10 or 12 years”. We understand that this will involve 2,000 buses, and “a bus might have a lifespan of 15 years”. We have previously expressed concern that the funding levels for bus services, including investment in an ageing fleet, are a risk to the delivery of franchising. We will recommend that our successor committee monitors progress in this area, given that sufficient funding is essential for success.

Capacity and delivery

We discussed how you will deliver bus franchising without ballooning as an organisation and driving significant costs. It was encouraging to hear that you have recruited people who have significant bus experience and that “they have been upskilling other people around them” so that they now also “fully understand the bus market”.

We note that you are working closely with local authorities, trade unions and operators on network design, depots and fleets. You said that you have, on behalf of the board, written to Welsh Government with “a big list of who’s going to be accountable for what, so that there is not scope for ambiguity when we get into the live operation, because you don’t want to be working that stuff out when you’re live in operation”. We would be grateful if the Welsh Government’s response could be shared with the Committee.

Rail infrastructure

We discussed the £445 million announced by the UK Government spending review for rail infrastructure, which you described as “a good start, but it doesn’t match the level of our ambition”. Your vision for rail infrastructure across Wales and Borders document published on 18 February confirms the work which will be done with this money, along with further future proposals. While it

lists 43 schemes, it does not appear to be prioritised or accompanied by additional funding. The Cabinet Secretary for Transport and North Wales told us on 25 February 2026 that “it’s now for the Wales rail board to identify the priorities within that list and those projects that are most shovel-ready in order to get the funding from the next comprehensive spending review”. We will recommend that our successor committee in any future annual scrutiny sessions with TfW, scrutinises you on prioritisation of projects.

We welcome your comments about the need for transparency on the Wales Rail Board. You said that this would be discussed by the Board at its next meeting. We would therefore welcome an update when available. You told us that you are “working through how all of the people...that have got a take in shaping Welsh railways in the future are at the table” and that you are “trying to create a single team ethos, drawing on all of the resources that are currently available from those organisations to drive all this forward”. However, you went on to say “I think the rubber hits the road a little bit when we start talking about how we’re going to prioritise this stuff”. We would like to emphasise the importance of engaging with all stakeholders in relation to prioritising the pipeline.

Railways Bill

Thank you for sharing your views on the Railways Bill with the Committee. We note your comments that “the legislation allows for progress to be made” but will depend on the detail of what is in the Memorandum of Understanding, secondary legislation, and “the behaviour set and the instructions given to” Great British Rail. We also note your request for the creation of an empowered business unit within GBR for Wales, and for it to be “at least in part accountable to TfW, so it is, in turn accountable to the Welsh Government and to committees such as this”.

Your evidence will inform our report on the Legislative Consent Memoranda for the Bill.

We heard that the team in TfW “genuinely work well with the team in the Network Rail Wales route” and that “quite significant progress has been made”. However you indicated that the “weak point is that it’s based around relationships rather than anything that’s written in statute”. If the Bill is passed, we ask that you keep our successor Committee updated on TfW’s implementation of the legislation, particularly the development of partnership arrangements with GBR.

TfW Rail

We were pleased to hear that “journeys on Transport for Wales rail services are up” and that revenue is also up. On rail passenger growth, you said that you’re in double digits, bringing you “ahead of industry and the industry benchmark”, adding that pay-as-you-go has had a significant impact.

However we note “because of the very high growth rates” you “will not have enough rolling stock for five years’ time”. We welcome that you are currently looking at your rolling stock, and we would be grateful for more detail on this, including how rolling stock demand is being considered in planning

future service development, and whether there is a need to develop a rolling stock strategy aligned to plans for development of services to support value for money.

Rail performance

We heard that performance on the Core Valley Lines “has significantly improved” and that you are “in the top echelon now of performance”, due to having “the right number of trains” and “the right number of team members to deliver that”. We also discussed that you are “doing okay on cancellations on CVL” but that you are looking at how you measure cancellations across the network, noting that it is difficult to compare the performance of services on the CVL with the wider network.

As you know we have previously recommended that you publish data broken down by individual route. We are pleased to hear that you are working towards this, as we believe that it will help in drawing out variations in performance between the CVL and the wider network.

The Cabinet Secretary for Transport and North Wales told us on 25 February 2026 that a sub-group of TfW’s Board is being established and will be looking at the key performance indicators, whether they are still fit for purpose, and whether they continue to align with Welsh Government priorities. We ask that you update our successor Committee on progress made by the sub-group.

You told us that the costs to date for the CVL are just over £1 billion, but that “will probably be another £150 million total cost by the time it’s all done”. You offered to write with more detail on costs relating to the CVL and we would welcome this update.

Rail Subsidy levels

Your accounts for 2024 and 2025 appear to show revenue subsidy to be about 60 per cent of total revenue. We discussed that there is no target for subsidy as a share of revenue for TfW but that you have a target for the absolute amount of revenue that you are trying to bring in and that you are trying to stretch yourselves every year to try and bring more revenue in, with the aim of evening out the price of rail fares across the entire network on a distance-based model. It was suggested by the Cabinet Secretary for Transport and North Wales that the new sub-group could look at subsidy levels for rail and value for money.

In terms of rail operating costs, you said that the operating cost per passenger per kilometre has reduced from two years ago. You explained that subsidy cost per kilometre of journey is “a really important measure because it compares the right trigger in terms of the volume that’s being used against our cost base”. We would be grateful if you could set out how and where this data is reported, and for data since TfW Rail commenced operations to be shared with the Committee. We believe it would be useful for this to be reported on an on-going basis to provide evidence of value for money.

We were pleased to hear that safety, including the safety of women and girls, is one of your top priorities. We welcome the progress made in this area, particularly in relation to new stations and on service patterns. However, we heard that “there’s more to do” and that you “would want to do more”. We therefore hope that you will continue your focus on this important issue and keep our successor committee updated on any developments.