

Agenda – Economy, Infrastructure and Skills Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 14 February 2019

Meeting time: 09.15

For further information contact:

Gareth Price

Committee Clerk

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Private pre-meeting (9.15–9.30)

1 Motion to elect temporary Chair

2 Introductions, apologies, substitutions and declarations of interest

3 Paper(s) to note

(Pages 1 – 17)

Attached Documents:

EIS(5)–05–19(P1) The Future Development of Transport for Wales: Committee visit to Manchester

EIS(5)–05–19(P2) Letter from the Minister for Economy and Transport to Chair



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

4 The Future Development of Transport for Wales: Glasgow University

(09.30–10.15)

(Pages 18 – 36)

Professor Iain Docherty, Professor of Public Policy and Governance (Management), Glasgow University

Attached Documents:

EIS(5)–05–19(P3) Research Briefing

Break (10.15–10.30)

5 The Future Development of Transport for Wales: Regional Bodies

(10.30–11.40)

(Pages 37 – 51)

Roger Waters, Lead Officer for Transport, Cardiff Capital Region Transport Authority

Iwan Prys Jones, Programme Manager, North Wales Economic Ambition Board

Ann Elias, Mid Wales Regional Transport Officer, Growing Mid Wales

Partnership Regional Transport Arrangements

Attached Documents:

EIS(5)–05–19(P4) Evidence from Cardiff Capital Region Transport Authority

EIS(5)–05–19(P5) Evidence from North Wales Economic Ambition Board

EIS(5)–05–19(P6) Evidence from Growing Mid Wales Partnership

- 6 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from item 7 and 8**

Private de-brief (11.40–11.50)

- 7 Draft Letter: City Deals Update**

(11.50–11.55)

(Pages 52 – 55)

Attached Documents:

EIS(5)–05–19(P7) Draft Letter to Welsh Government and UK Government

- 8 Draft Report: Electric Vehicle Charging in Wales**

(11.55–12.25)

(Pages 56 – 84)

Attached Documents:

EIS(5)–05–19(P8) Draft Report: Electric Vehicle Charging in Wales

FUTURE DEVELOPMENT OF TRANSPORT FOR WALES INQUIRY**Economy, Infrastructure and Skills Committee Visit to Manchester - 17 January 2019****Attending:**

Committee Members: Russell George (Chair); Mark Reckless AM; David Rowlands AM; Jack Sargeant AM; Joyce Watson AM.

Officials: Lara Date/Amy Knox (Clerking team); Andrew Minnis (Research Service)

EMERGING THEMES

- Structures and policies which integrate / consider all modes of transport as well as active travel are essential.
- Structures and policies which integrate across policy areas are also essential (e.g. land use planning, health, education, skills);
- Multiple governance models exist, each shaped by their own history. This has the benefit of allowing flexibility and tailored structures to develop, but can also lead to complexity arising from the need to manage legacies of past approaches and lack of public understanding of where responsibility for functions lies;
- Coherent geography is important and a tradition of collaboration / a bottom-up approach are beneficial – e.g. recognition that investment at the centre benefits the whole;
- Transport planning does not recognise borders – there is a need for collaboration beyond boundaries;
- Long-term planning which cuts across electoral cycles is desirable;
- There were seen to be advantages and disadvantages to different structures (statutory / non-statutory / partnership). The key issues which emerged were:
 - Structures need to be robust;
 - The importance of transparency of plans and functions as well as scrutiny. Board meetings are generally held in public, and papers published, except where private items are justified;
 - Plans and policies should be presented in a way which is accessible to the public, and efforts made to ensure roles and structures are understood;
 - A partnership / collaborative approach – bringing together local and central government, but also businesses and local stakeholders – seems to be desirable;
 - Accountability – including to local democracy where local government powers / responsibilities are engaged;

- The need to be able to have sufficient executive powers (e.g. to procure, appoint staff and take decisions on prioritisation of funding etc.);
 - There were examples of where statutory status had reduced partnership, however this was not necessarily an inevitable consequence of statutory status;
 - Consultation, engagement with, and representation of, interest groups etc.
- Transport functions were delivered at different levels reflecting different local circumstances. In some cases this appeared complex which could make it difficult to understand where responsibility lies;
 - Clarity on what is delivered at different governance levels and effective structures to co-ordinate functions therefore seems to be desirable;
 - A range of sources of funding are employed – in some cases this seemed to make funding complex, unwieldy and uncertain. Clear long-term funding arrangements seem to be desirable;
 - Consideration of / a role in highways is important (for example the impact of congestion on bus services);
 - Potential to consider how a national body (TfN / TfW) can co-ordinate functions administered at a lower level – e.g. smart ticketing where TfN's back office systems integrate different ticketing systems across the region.
 - It will be useful for Wales and the English structures to learn from each other in, for example, using new bus powers, developing smart ticketing and taxi / private hire licensing approaches.

1. GREATER MANCHESTER COMBINED AUTHORITY / TRANSPORT FOR GREATER MANCHESTER (TFGM)

Meeting with Rod Fawcett, Head of Policy, and Nicola Kane, Head of Strategic Planning.

Transport for Greater Manchester is the transport executive body of the Greater Manchester Combined Authority, which represents the 10 local authorities (LAs) of the Greater Manchester region with a range of populations and needs (a combined population of 2.8m). Spatially the city region's economic geography makes it sensible to undertake combined transport planning and delivery, with other key public policy agendas, such as economic development and spatial planning. The city of Manchester has a population of around half a million.

The history of city region cooperation and 'waves' of devolution of transport powers and functions over time was presented – Greater Manchester's local

authorities are therefore “habituated” to working together as over the decades they have increasingly done so.

Trams were introduced in 1992 and in 2009 the ground-breaking Manchester Independent Economic Review (MIER) which identified the key challenges faced by the region, and highlighted the governance, skills and transport needs of the region. This led to lobbying for a more robust governance structure for Greater Manchester, which led to the establishment of a statutory Combined Authority.

Committee Members heard that this governance model was very much driven from the bottom up by the constituent local authorities themselves. Management of key city region wide issues, showed that a Joint Committee arrangement for transport was not enough and a more robust governance arrangement was needed, with a body capable of bringing transport, economic development and planning together – leading for example to the Greater Manchester Spatial Framework.

Both the Combined Authority and TfGM (the transport executive) are statutory bodies. Directors of TfGM are appointed by the Combined Authority which makes the primary strategic, funding and policy decisions in relation to transport. The benefits of being statutory in comparison to Joint Committee status included the ability to procure and to directly employ staff, to contract and to receive funding – i.e. greater independence and executive powers in their own right.

TfGM has been reviewed in the past – one model would have been to roll TfGM into the Combined Authority as has been done in Leeds, but it is important to note that these kind of structural and institutional changes could be disruptive. However, transport functions could still ultimately move into the Combined Authority.

In terms of decision making, transport responsibilities are split across different governance levels. The picture is complex. For example, active travel and taxi / private hire licensing are with local authorities, while the Mayor, GMCA and TfGM each have a role in bus provision. Steps have been taken to integrate transport through an agreed Transport Strategy.

There is a strong emphasis on consensus in decision making by the GMCA – for example officers did not recall any votes taking place at meetings – but issues were resolved at a lower level and strategic transport decisions taken by a Joint Committee. It was noted that currently there is **political alignment** between the 10 Labour-run local authorities, but this is relatively rare and there had been political swings in the past, and the rules of the Combined Authority provided for other parties to hold one of up to three Vice Chair roles, so there was a real effort to ensure different voices were heard.

Each LA leader has a different role in the Combined Authority, so they are operating within a cabinet structure in addition to their local authority role. A Member noted that political alignment could also help with clarity in long-term strategic planning, but again TfGM said that LAs see the need to band together to achieve the scale of change needed as more of a factor than political ideology.

A key issue is the need to integrate transport with wider policy areas such as housing, health, economic and land use planning policy.

There has been a big effort by TfGM to get consensus on the [Transport Strategy](#) for the city region. Changes of priority with funding were a factor over time, for example with new policy drivers emerging such as a focus on air quality, but the underpinning principles of the strategy have remained, such as recognition of a strong city centre as being key to the success of the whole region.

The TfGM Committee has 33 members, and a number of sub-committees including **Capital Programme and Policy** (15 Members); **Bus Network and TfGM Services** (13 Members); and **Metrolink and Rail Networks** (13 Members).

Transport Strategy

TfGM co-ordinates and manages transport planning and strategy. The [Greater Manchester Transport Strategy 2040](#) published by the Metro Mayor in 2017 is **focused on people's life cycles** and needs at various life points e.g. children, working people, older people. So there is a spatial strategy focused on **people**, and a focus on **places** (the Greater Manchester plan for homes, jobs and the environment currently out for consultation) and then the **assets** needed.

A 5 year Draft [Transport Strategy Delivery Plan 2020-2025](#) is aligned to a [Spatial Framework](#) published for consultation in January, which includes the Greater Manchester Plan for homes, jobs and the environment. This is **bringing transport and land use planning together**. The vision set out in the transport strategy reflects this, and a big part of it is a growth strategy.

The overall transport plan was not fully funded - some projects are funded but others are intended to help make the case to UK Government for what was needed. Plans are presented in clear, accessible maps.

Managing relationships with large, national organisations such as Network Rail and Highways England can be challenging since their lines of accountability are to the Secretary of State rather than local structures. However the Combined Authority and Mayor role can be helpful providing profile and impact.

Plans to devolve responsibility for railway stations were resisted by the Department for Transport. However, a great deal of work is being undertaken to integrate local transport with HS2.

The importance of **transparency** was discussed. Historically there had been criticism that decisions weren't transparent. Legislation establishing the Combined Authority and Mayor includes more robust scrutiny procedures and a focus on transparency. Scrutiny committees are chaired by opposition members.

It was quite a complex system of governance to explain to voters – the Mayor is more visible therefore people will frequently contact (tweet) him rather than going to their local authority Leader on a transport issue. The Mayor has a strong focus on consultation and engagement and “conversations” on big issues like clean air and uses social media to reach under-represented groups.

The Committee Members explored the pros and cons for decision-making of the statutory body model of TfGM versus the company model of Transport for Wales. TfGM's head of policy noted the **culture** of the primary organisations and their relationships were important. It was a constant process of collaboration, with engagement with District Councils and GMCA. This may be as important as the specific governance model. Engagement also helps, for example going to scrutiny committees to understand local issues was especially important as TfGM members have to make difficult decisions for the region as a whole.

Funding was discussed. TfGM receives most of its revenue funding from a council tax levy of each district which pays for strategic work, subsidises buses, concessionary fares and smart ticketing. It is the same percentage for every LA. From April 2019 another funding source will be the Mayoral precept – money to spend on his mayoral transport functions including buses.

Capital funding is more ad hoc, sourced from funding bids to the DfT, Growth Deal etc. More consistent, long-term funding is being sought but with limited success so far. It is difficult to secure developer contributions given the need to secure developments in the first instance.

The region is reaching the end of the first Greater Manchester Transport Fund. This fund pooled a range of funds. TfGM is seeking to create a new Transport Fund with UK Government assistance.

The following outlines the administrative level at which transport functions are determined:

- Strategy – shared across Mayor, Combined Authority and LAs;
- Active Travel – LA level;

- Bus – Mayor, Combined Authority and TfGM;
- Metrolink – Combined Authority and TfGM;
- Highways – complex. (the Combined Authority/TfGM are not highways authorities, this is largely a Local Authority function, with the Strategic Highway Network managed by Highways England);
- Rail - Mayor through Transport for the North / Rail North Board;
- Taxi / Private Hire Licensing – LA level.

It makes sense to coordinate many aspects of transport at at Greater Manchester level, because most modes of transport do not recognise administrative boundaries and in general terms, bigger scale is better provided there is opportunity for local democratic accountability.

Bus Services and the Bus Services 2017 Act:

Greater Manchester is leading the way on bus reform nationally, as the first mayoral combined authority seeking to make use of new powers in the Bus Services Act 2017.

On behalf of Greater Manchester Combined Authority (GMCA), TfGM is now preparing an assessment of a proposed franchising scheme for the whole of Greater Manchester.

The assessment also includes a consideration of other realistic options for improving bus services, such as partnerships.

Smart Ticketing is one of the motivations for the franchise model. Buses are key to moving people in Greater Manchester and franchising may offer an opportunity to introduce simplified and consistent fares on buses.

Procurement legacy for jobs and training – TfGM confirmed that there was a strong focus on local procurement. Wider procurement principles are being developed and also environmental standards would also be built into procurement policy.

TfGM officials subsequently provided more detail on this, confirming that TfGM works to the Greater Manchester Social Value Policy. This includes ‘objectives’ linked to delivering social value within Greater Manchester that could include local employment, apprentices etc. as described here:

<https://www.greatermanchester-ca.gov.uk/search?q=social+value>

2. TRANSPORT FOR THE NORTH

Meeting with Jonathan Spruce, Director of Strategy and Deborah Dimock, Solicitor

Members discussed the **governance set-up** of Transport for the North (TfN), which was born as a TfN partnership arrangement set up in 2015 and allocated funds until 2021 to take forward a transport plan.

Until April 2018 it was a partnership of public and private bodies but is now a statutory body covering the Northern region from Crewe up to Newcastle/Cumbria, although it is a quirk of geography that High Peak is not included in that.

TfN cooperates cross-border with Midlands Connect, Transport Scotland and Welsh Government. TfN sets out a 30 year Statutory Plan for sustainable economic growth across the region and the Secretary of State must take account of its advice. This is a major advantage of its statutory nature, as is the fact that local authority's statutory transport plans must reflect TfN plans.

Under the statutory governance arrangements UK Government made it a requirement that every local authority is represented at a high level by its Mayor or Leader. However, it is up to each LA, Mayor / Combined Authority etc. to decide how representatives carry the authority to make decisions on the transport brief for their area.

Representatives of Local Enterprise Partnerships are also co-opted onto the board. Unusually **voting rights** are dependent on population: e.g. Greater Manchester is represented by its elected mayor who has one vote per 200,000 population, i.e. 14 votes. There has rarely been a vote, but to offset the difference in voting rights statutory rules require a super-majority set at a level greater than the votes of the Combined Authorities / City Regions to prevent a situation where the big city regions dominate.

It was noted that this governance structure as set out in legislation did not lend itself to gender-balanced representation on the TfN Board, but officials noted that Members were aware of this and it was raised in the context of the co-opted members.

There was better gender balance at the working level on its executive board. Similarly with regard to representing disabled people, its draft plan had been subject to a 13 week consultation period including disability groups, and accessibility targets in the draft plan had come out of that consultation.

Smart ticketing

TfN's approach to smart ticketing is not about developing a single product like the Oyster Card in London, rather it is focused on providing the back-office facilities to allow the customer to 'tap on and tap off' on multiple modes of transport across the region, using a number of different devices, apps and payment methods, and to know they will always be paying a fair price. Equally, the technology ensures operators are reimbursed.

Different regions will use different cards, e.g the Walrus card in Liverpool, but the TfN smart ticketing system will bind different cards and payment methods together using a zonal structure for fares.

It is a bottom-up approach focused on the customer experience, which demonstrates how the North of England can work as one entity. If there are four different websites for customers to look at the customer is more likely to just give up and get in their car. The 'Northern Powerhouse' is about reducing journey times and increasing productivity.

There was discussion of how smart ticketing works on the border with North Wales and TfN emphasised that for them hard boundaries don't exist, with cross-border working with Wales, Scotland or the Midlands. For example they are looking at the North Wales metro and 'unlocking' Chester station as a priority transport hub in the next 7 years.

Statutory body versus Partnership arrangement?

Some of the pros and cons of different governance models and the impact of the culture they created were considered. A big advantage of TfN is its status and the statutory nature of its advice, and the co-option of Local Enterprise Partnerships onto its Board is a good thing. This status means that central government must listen to TfN.

Statutory arrangements are more formal than when TfN operated as a partnership. This may affect how businesses and co-opted members now engage, and its ability to be business-focused. As a public organisation the rules force the TfN Board to be more transparent, but the move to greater transparency in how it meets in public may affect the previously informal partnership working.

It was noted it would be good to compare the operation of TfN with how the Midlands Connect partnership operates (the "Midlands Engine" which is the equivalent of the "Northern Powerhouse"). The drive for that body to become statutory has not been as strong and it has chosen to retain a partnership model for now. Conversely Transport for the South East is pushing for statutory status, partly perhaps to counterbalance the influence and authority of the London Mayor and Transport for London and give the body more clout.

It was noted that the TfN partnership was unable to contract etc., but that there was a risk that the statutory basis could undermine the partnership / collaborative approach by distinguishing between voting and co-opted non-voting members. This is not an inevitable result of the move to a statutory footing, rather it was seen to be, to some extent, psychological.

The need to preserve and revitalise the partnership approach was recognised. TfN has the power to grant voting rights to partners.

Statutory powers are an advantage in that it is beneficial for a single organisation to have clear powers - fewer negotiations are needed and, for example, it can commission a road whereas a partnership cannot.

It was noted that in the last nine months the rail timetable issues had become very political, and given the political make-up of the Board this had dominated discussion, which then squeezed out time for important policy issues like air quality. Meetings are often “at the mercy of what happens the day before”, and the day-to-day problems take precedence. However if more power was granted to co-opted members, e.g. through changing voting rights, this would then have implications for democratic accountability.

This illustrated how operational / short term issues could overtake a more strategic focus.

The Chair is independent and must ensure a balance between democratic accountability and business leaders from various sectors, in terms of which voice is represented. It would be interesting to see whether the dominance of rail timetabling problems in recent Board discussions would affect the engagement of the business leaders in the future.

TfN have so far had conversations with Welsh Government rather than TfW and it was not clear at this point whether TfN should be speaking to TfW.

TfN competences

TfN does not have a direct role in relation to buses, but has a role in highway strategy – although it is not a highway authority.

It is worth noting that TfN’s first draft transport plan did not address bus services – since it was not responsible for these. However, it was criticised for this, given the need to integrate modes. Therefore integration will be addressed through the plan. This is not a “land grab” but it is necessary to address integration.

TfN’s Strategic Transport Plan sets out the ‘Prime Capabilities’ across the region in the areas of digital, energy, health innovation and advanced manufacturing, as well as the natural environment assets important to the visitor economy, and current and future planned economic centres and enterprise zones. In this way it maps out the dots or clusters of capabilities that are not just about the needs of the big regions like Manchester, but for example shows clusters of health care and innovation in Cheshire and North Wales, and identifies access issues for those areas. So for example nuclear power and energy capabilities tend to be in remote locations. TfN needs to get access for those rural communities, to avoid the situation in Barrow

where employees arrive by train from London, stop in a chain hotel and leave the next day, which is not sustainable for the Barrow economy.

TfN's management of the rail franchises – the Rail North partnership is a collaboration between TfN and the DfT to manage the Northern and TransPennine rail franchises. A team of DfT civil servants and TfN officials manage the franchises on behalf of the Rail North Partnership. TfN has no direct rail enforcement powers.

3. Liverpool City Region Combined Authority / Merseytravel

Meeting with Huw Jenkins, Lead Officer for Transport

While Merseytravel was established in 1968 as a Passenger Transport Executive (PTE), it is now effectively the transport delivery arm of the Liverpool City Region Combined Authority (LCRCA). It is equivalent to TfGM. While both Merseytravel and TfGM have the powers of a PTE, in reality they require approval of their respective Combined Authorities.

The LCRCA had fewer voting rights on the TfN Board than Greater Manchester City Region due to size. It comprised five Leaders and Liverpool's elected Mayor, chaired by Steve Rotherham. It has taken some time to understand the governance structure of LCRCA and its historical path given Merseytravel's previous role and status.

Central government funding is channelled through LCRCA largely through the devolution deal. The Single Investment Fund (SIF) is a key funding source and its allocation is determined by the elected Mayor, based on business cases and HM Treasury Green Book processes.

LCRCA also owns the MerseyTunnels which are effectively private roads established by Act of Parliament and not part of the national network. Merseytravel operates the tunnels and collects tolls, though the extent to which these can be varied is limited by legislation.

The LCRCA also controls the 25 year rail concession for the Merseyrail network, which is run as a 50/50 joint venture by rail operators Serco and Abellio. The DfT agreed to the devolution of the rail network in 2003. As it is a self-contained, third-rail network (to some extent like light rail), there was a strong logic for devolving this to be run locally.

With regard to the relationship with Network Rail, the LCRCA is in the early stages of exploring potential powers to take over rail stations or rail infrastructure.

It is notable that Merseytravel was authorised by LCRCA to purchase new trains for the Merseyrail network from Stadler, to be rolled out across the

network by 2020. Merseyrail pay large amount of money to lease trains, so the business case shows it is better value for it to buy the trains and lease them back to Merseyrail.

A 'cocktail of funding' was used to buy the new class 777 trains for the network and they were procured via a competitive dialogue procedure. The benefits of this are control of its own rolling stock which cannot be cascaded to another part of the UK and that they are able to determine the train specifications to meet local users' needs. Using public works loan board certainty over DfT grant support and Mersey tunnel tolls - surplus funding into wider transport funding enabled the project to proceed.

Procurement legacy for training and job opportunities - is the strength of the Combined Authority and the rationale in 2014 for its formation - it is able to align money for capital infrastructure and money for skills, and link to local training and apprenticeships - for construction, engineering, business management - getting more young people involved in the rail industry.

There will be control over the adult education budget to align and prioritise skills in the Combined Authority's plans. In addition to the Apprenticeship levy, the LCRCA also has devolved control over potentially £56m Further Education funding from 2019. Future-proofing of skills will be needed in terms of emerging technology such as hydrogen trains. The Mersey Mayor also has big ambitions for skills and apprenticeships in the region in terms of the energy industry and advanced manufacturing.

Advice for the development of Transport for Wales

The main lesson learnt through devolution is that the key is integration: a body that just does transport has its limitations and weaknesses. There should not be transport for transport's sake: there should be transport infrastructure aligned with the spatial plan and growth sites and housing sites, and there is an advantage to one body overseeing everything.

Prior to 2014, transport in the region had been a bit a bit disjointed, spread across seven local authorities with no multi-modal integration. The network needs to be integrated across transport modes, with a cross-policy remit: "there is real strength in having a body that has wider policy responsibilities, or at the very least multi-modal travel responsibilities". There also needs to be integration between public transport and walking and cycling.

The Combined Authority model gives strategic responsibility for strategic roads, bus, rail, funding, ticketing, with all these key powers in one place, with budgets to deliver local travel enhancement and funding to deliver apprenticeships, economic development, skills etc.

The Committee asked about Welsh Government's White Paper proposals for Joint Transport Authorities, and asked, based on the experience of LCRCA as

a Member of Transport for the North, what pitfalls should be avoided. The LCRCA on paper has powers over key roads on the network, but this is still in the very early stage and local authorities still have a lot of power over local highways. It is difficult to take strategic control over highways or issues like taxi licensing without it appearing to be a “land grab”.

More funding was still required for LCRCA as it is the hub, but money is also needed for rural areas, and the LCRCA still does not have all the powers it needs at its disposal. As with Manchester, taxi licensing remains a local authority responsibility, though LCRCA could adopt common standards, fees etc. across the region as a whole while enforcement could remain a local responsibility.

Experience of the Bus Services Act 2017

The LCRCA is currently working through the business case and options to use powers under the 2017 Act. It is not decided yet which model will be used. Franchising is one option, but other options will be considered including enhanced partnerships.

Currently LCRCA applies a partnership model. However, not having appropriate coordinating powers in relation to highways is a big barrier to growing and improving the bus services: “without getting the highways working to benefit bus services we could be into diminishing returns”. Congestion is a problem, and some local authorities are less open to things like bus priority lanes and green light priorities. Through the devolution deal the LCRCA could have more control over this, as ultimately the users don’t care who’s in charge.

What about branding?

Having the ‘Transport for Wales’ logo across everything was considered a good thing. The “yellow M” Merseytravel brand is important and has not changed since the 1980s so has strong recognition for service users. It gives a consistent feel and clarity for the customer so there is no intention to change that in Liverpool, despite the changes in transport governance arrangements.

Smart Ticketing

The old ‘Walrus’ card was being replaced as it was not compatible with TfN’s new back-office system which recognised that the world has moved on from the old “top-up” technology for people to pay for their travel.

Ken Skates AC/AM
Gweinidog dros yr Economi a Thrafnidiaeth
Minister for Economy and Transport



Llywodraeth Cymru
Welsh Government

Russell George AM
Chair
Economy, Infrastructure and Skills Committee

8 February 2019

Dear Russell

Thank you for your letter of 10 January 2019 regarding the National Transport Finance Plan (NTFP) and Transport for Wales.

As you stated in your letter I have committed to publishing the NTFP on an annual basis. My officials are finalising an update of the NTFP 2017 to explain the progress we have made on delivering our transport priorities in 2018. I am proposing to publish NTFP 2018 in February 2019.

With regard to the Transport for Wales (TfW) remit letter, due to an administrative error the document was not published at the link at the time the WAQs were published. This has now been rectified and the remit letter can be accessed at the link below.

<https://beta.gov.wales/transport-wales-remit-letter-1-october-2018-31-march-2019>

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken', written in a cursive style.

Ken Skates AC/AM
Gweinidog dros yr Economi a Thrafnidiaeth
Minister for Economy and Transport



Nick Gregg
Interim Chair - Transport for Wales
QED Centre
Main Avenue
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4 December 2018

Dear Nick,

REMIT LETTER TO 31 MARCH 2019

The contract between Transport for Wales (the "Company") and the Welsh Government is composed of the agreed Articles of Association and the approved Management Agreement, together with this Remit Letter and the associated Business Plan prepared by the Company and approved by the Welsh Government.

This Remit Letter sets out the operational remit for the Company from 1 October 2018 to 31 March 2019 (the "Period") and the cumulative level of funding available from the Welsh Government to support the achievement of that remit.

Transport for Wales was created to support the Welsh Government's vision for delivering a transformational integrated transport system for Wales, providing high-quality, safe, affordable, accessible and sustainable transport for all.

The Company's core objectives for Period should be aligned with the Welsh Government's Programme for Government, Taking Wales Forward 2016-2021, to build a united, connected and sustainable Wales. As an organisation, the Company should be aligned with the Well-being Objectives, being ambitious, seeking to engage and connected in its delivery approach as well as the delivery outcomes it will support.

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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.

Core activities

Transport for Wales will:

- Support the Welsh Government to finalise the closure of the existing Wales and Borders Franchise
- Manage the ODP for the Wales and Borders rail service and make any contractual payments due to the ODP;
- Further develop the Sustainable Transport Infrastructure Delivery (STRIDE) framework alliance and engagement events with SMEs
- Further develop the Analytical Unit within the Company, based on South East Wales Transport Model to support local, regional and national transport planning
- Deliver rail infrastructure projects, including, but not limited to
 - projects to support the delivery of the South Wales and North East Wales metros,
 - Bow Street Station; and
 - Llanwern Station and Major Events Stabling Line;
- Provide professional advisory and consultancy capacity, and develop the case for investment in the transport network through 'Programme Strategic Outline Cases' including individual business cases and feasibility studies where required;
- Provide professional and advisory capacity in support of the bus services review;
- Provide technical expertise and support on a range of active travel matters; including the review of the Active Travel Design Guidance, appraisal of grant applications and technical queries regarding the design of schemes, and support the WelTAG process from an active travel perspective for schemes promoted by WG and TfW.
- Provide project management in connection with transport projects.
- Continue to establish its internal structures and capability to facilitate the delivery of this remit with consideration for any potential future remit;
- Continue to develop the Transport for Wales brand as a strong customer-focused brand that passengers and stakeholder across Wales recognise and understand its values.

Cumulative Financial Allocation

The cumulative funds available to the Company are set out below and are based on the forecasts and revenue and capital expenditure categories provided by TfW:

	Limit
Cumulative Revenue Funding	£103,299,112
Cumulative Capital Funding	£56,878,196

The funding will be paid to TfW as a grant quarterly in advance. Advance payments made to the Company to date will be off-set against the cumulative funding limits during the grant draw-down process. A reconciliation of the Company's defrayed expenditure as at the end of the previous Period will be undertaken before any additional funding is released.

The Cumulative Revenue Funding Limit and Cumulative Capital Funding Limit are inclusive of any VAT liability that TfW will incur but is unable to recover.

It is the Company's responsibility to ensure that expenditure is managed in line with the Articles of Association and the Management Agreement and relevant guidance. In

particular, the Company can not vire between the Cumulative Revenue Funding Limit and the Cumulative Capital Funding Limit without prior consent from the Welsh Government.

TfW is also required to seek approval to vire between the cost heading breakdowns in TfW's Business Plan. I expect the Company to adhere to these expenditure limits and to report any projected changes to the profiles of each cost heading as soon as possible through the monthly monitoring reports.

Performance Monitoring

The arrangements for monitoring the Company's progress against the Remit Letter and the Business Plan will, in addition to the arrangements set out in the Management Agreement, be via the fortnightly Operational Board and in the form of meetings between the Welsh Government and you as Interim Company Chair.

I would be grateful if you could acknowledge receipt of this letter and confirm that you are content with the details provided.

Yours sincerely



Ken Skates AC/AM

Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith
Cabinet Secretary for Economy and Infrastructure

Agenda Item 4

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Agenda Item 5

ES(S)-05-19(P4)

Evidence from Cardiff Capital Region Transport Authority

Introduction

1. This response is being submitted by the Cardiff Capital Region Transport Authority (CCRTA), whose objectives are to connect communities, business, jobs, facilities and services in the area. The CCRTA is a sub-committee of the Cardiff Capital Region City Deal Cabinet and has been established to facilitate the City Deal by coordinating transport planning and investment across the region.
2. The development and integration of a new transport system plays a vital role in the economic transformation of the Cardiff Capital Region as it is essential for connecting communities and will enable individuals to travel. The improved transportation of the Capital Region can also bring potential opportunities to new areas for further economic development and expansion.
3. The CCRTA is chaired by the Leader of Bridgend County Borough Council and plays a key role in advising the CCR Cabinet on recommended strategies to achieve transport objectives within the region. It works closely with and supports local authorities in any transport-related collaboration and imparts transport expertise when needed.

Response to questions;

Whether the current governance, structure and funding of Transport for Wales are effective and transparent?

4. The governance structure of TfW is a particularly important feature as consideration is given to the potential for extending their role related to the management, procurement, delivery and support of transport infrastructure and services across Wales.
5. TfW has established a website which provides information about TfW, stating, "Transport for Wales exists to drive forward the Welsh Government's vision of a high quality, safe, integrated, affordable and accessible transport network that the people of Wales are proud of. Transport for Wales is key to delivering the Welsh Government's key themes as set out in Prosperity for All: The National Strategy."

6. The recent successful rail franchise procurement exercise is an excellent example of the need for, and benefits of, having an organisation that has the capacity and capability to deal with complex Wales-wide transport issues.
7. The integration of bus with rail, including coordination of services and ticketing solutions, will also require a Wales-wide approach by TfW, supported by the regions. This inevitably requires TfW to be set up to enable it to manage integrated ticketing and coordination on a continuing basis. The management of TrawsCymru and TravelineCymru must also be fully integrated with TfW.
8. The governance should therefore be appropriate to nationally significant transport issues and strategic implementation of Welsh Government Transport and Economic policy. Consequently, TfW should be fully accountable to National Assembly Members.
9. Whatever the extent of TfW's future powers and its management / delivery role, it will be dependent on funding and the level of resources that it has available will determine its ability to undertake the role effectively. It is noted that WG has agreed indicative five-year funding for TfW. This is critical for dealing with franchise arrangements and major projects and initiatives, and is a welcome step forward for transport funding in Wales.
10. This medium-term funding arrangement for transport has been advocated for regions and local authorities for a number of years, to no avail. The current annual round of grant funding where 22 local authorities have to prepare bids every year to compete for funding is inefficient and creates uncertainty. This inefficiency is further exacerbated by the fact that funding is limited to a financial year with no flexibility to carry forward funding.
11. Consequently;
 - Short term funding limits the ability to deliver long term programmes.
 - Short term funding prevents LAs and regions building and investing in core teams with capacity and capability to develop and deliver long term programmes.
 - Longer term funding would enable greater commitment to developing skills and investing in apprentices, graduates and to developing specialisms and facilitating career development and succession planning.

- Development of project pipelines would enable supply chain development and avoid the hiatus of work early in the year when work is being commissioned and tenders invited and the over-heating at the end of every financial year when pressure is on to avoid underspending.
- Regional Transport Plans should be used to develop a programme of transport interventions and agreed funding packages.
- LAs or RTAs with visibility and certainty of funding over a 5-year period can invest in developing skills and capacity, which have suffered due to funding cuts and uncertainty about future budgets. As an example; RCTCBC & CCBC are growing these areas to match the ambitious medium term funding commitments, including apprentices and graduate engineers and this has substantial benefits for the wider economy.

12. It has been publicly stated that the value of the 15 year new Wales and Borders rail franchise will be in the region of £5bn. However, in terms of transparency, it is not known how this money will be distributed and used to support the individual rail lines across Wales or what working arrangements will be in place with key partners/stakeholders for effective and successful delivery of transport improvements. Consequently, at the present time, any analysis of subsidy per rail passenger journey and value for money can only be done on an aggregate basis and not at a regional or local level. Greater financial transparency is therefore essential to understand the value of rail against other interventions such as bus.

What action should be taken to develop these aspects of the organisation? And what other governance models and good practice are available?

13. The emergence of TfW has implications for WG and LAs/RTAs.

- Clear *Roles and Responsibilities* need to be established for each party to eliminate duplication and to focus actions by any party on the area that can be most effectively delivered by that party. These roles are evolving and close working through the WLGA would be beneficial in crystallising responsibilities and accountabilities.

- A three tier governance model is emerging and this is further explored/expanded in the recent Transport White Paper where Joint Transport Authorities (JTAs) are proposed;
- Tier 1 – Welsh Government (funding, policy, planning and legislation)
- Tier 2 – TfW (implements Wales-wide commissioning of services and infrastructure, strategies and programmes and informs WG planning and policy development)
- Tier 3 – JTAs (or LAs) develop and deliver regionally prioritised programmes and services, including commissioning bus services, managing the local highways network and active travel, against agreed indicative five-year funding from Welsh Government.

14. This inevitably means there must be constant coordination between WG, TfW and LAs, through regular working groups.

15. Decisions about highways and transport impact on every resident. Local authorities have well-established systems whereby locally elected Members represent the interests of their residents and governance arrangements ensure that Councils discuss and agree major strategic plans and budgets, 'call in' decisions and hold the Executive to account.

16. This is good practice, and if TfW is to become involved in delivery in ways that include work on behalf of, or previously undertaken by the local authorities, it will be important for them to respect such arrangements. Accountability to local authority and / or regional politicians will need to be considered, which may give rise to the need for local / regional authority involvement in the wider commissioning decision making.

The future role of Transport for Wales in delivering transport policy. What additional responsibilities should it take on and how should these integrate with the role of Welsh Government, local government and emerging regional transport authorities?

17. The recent transfer of powers from the DfT to the Welsh Government to re-let the Wales and Borders rail franchise has provided a new opportunity in terms of the devolution of rail transport procurement and provision within Wales. The aims and objectives of extending this devolution should be the

focus of the future duties of TfW, and needs to:

- Ensure greater integration of rail services with the local transport networks. In South East Wales, this should be demonstrated through TfW's involvement in the evolving development of the Metro, including delivery of a single fully integrated ticketing system for all rail and bus services in the Cardiff Capital Region.
- Ensure transport is an integral part of Spatial and Economic Development policies at a national, regional and local level.
- Provide an opportunity for greater investment in the rail and local transport network. Again, this should be demonstrated through the evolving development of the Metro, the transfer of Network Rail assets on the Core Valley Lines (CVL), the evolving development of the Metro including (including non-CVL routes) and closer working with and through the local highway authorities.
- Bring a greater local focus in the decision making process by devolving control. This must be embedded within the governance structure of TfW.

18. WG, through TfW, has the opportunity to drive transformational change in public transport on a Wales-wide level. The initial steps through the rail franchise are promising and the opportunity for a robust strategy for transport integration is emerging.

19. Transformation will not be delivered through efficiencies that may accrue through smarter purchasing or back-office arrangements, important though they may be, but through significant increases in investment in public transport.

20. TfW has the key role in providing WG/NAW with the compelling evidence to support such investment and, through emerging transport models, identifying the most effective solutions to acknowledged problems.

21. It would be premature to determine the full extent of the future role of TfW whilst the White Paper on Transport is under consideration, as the emergence of JTAs would provide a regional layer of capacity and capability that would be founded on the robust tried and tested governance arrangements and accountabilities already available at local authority level.

These will be strengthened with long term funding commitments.

22. Optimising the effectiveness of having a Wales-wide commissioning/delivery organisation in TFW, together with the regional presence of JTAs capable of delivery at a regional/local level, with appropriate accountabilities and coordination, would seem to offer many benefits over the present situation.

Evidence from North Wales Economic Ambition Board

The North Wales Economic Ambition Board is a partnership of the six Local Authorities in North Wales along with The two FE Colleges, the two Universities and the North Wales Business Council.

The Board was established to support the development of the economy of the region and has placed considerable emphasis on the development of transport and connectivity links since its establishment. More recently the Board has become the governance body for the emerging North Wales Growth Deal, which includes proposals for improved transport integration supported by the establishment of a Regional Transport Body.

Response to questions

Are the current governance, structure and funding of Transport for Wales effective and transparent?

Transport for Wales is a relatively recently formed body, which to date has largely focussed on the procurement of the replacement of the Wales and Borders rail franchise.

The franchise renewal having been successfully delivered it appears that its role is changing and expanding quite rapidly to cover other aspects of transport delivery in Wales.

We have noted the rapid growth and development of the organisation and in particular its role as a delivery body for Welsh Government.

The following issues are relevant to the NWEAB.

The structure and governance arrangements for TfW as a delivery body for Welsh Government appear clear and funding arrangements appear to have been defined within the Business Plan for the organisation. Its structure is evolving rapidly, from a body largely responsible for procurement of a rail franchise to a more delivery-focussed organisation.

It is not yet clear what the full organisational structure for TfW will be, as its role is rapidly evolving.

Although some regional consultation and awareness raising has taken place, there remains some uncertainty about how the organisation governance processes will

develop and the opportunities for local influence and input. Some north Wales Local Authorities have concerns about the remit and governance arrangements for TfW and the lack of senior level engagement to date.

There is support for the general principle of having a skilled and capable delivery organisation working to deliver integrated transport in Wales

It is not clear at the moment how working relationships between other partners such as Local Authorities, potential regional transport bodies and any Joint Transport Authorities created in line with the WG White Paper on Transport published in December 2018. Neither is the relationship with the recently established National Infrastructure Commission as yet clear.

There has been limited discussion to date about how a whole system governance model for transport could be established. Although both Welsh Government and TfW have been willing to engage in open dialogue about future working relationships, some on-going uncertainty remains.

Many posts in the current structure appear to be short term appointments, this is reasonable given the rapid growth and specialist nature of the rail procurement work. As a permanent structure is established, there could be issues where existing scarce skills are consolidated into TfW leaving other partners with skill gaps that are hard to fill.

What action should be taken to develop these aspects of the organisation? What other governance models and good practice are available?

The appointment of the Board and Directors of TfW by Welsh Government appears appropriate given its role as a delivery body acting on behalf of Welsh Government.

A clear explanation about how the delivery and prioritisation of transport interventions and projects in Wales should be available. This should clearly set out the respective roles of the various national and regional bodies with responsibility for transport and infrastructure and how they inter-relate.

Other bodies such as Transport for the North and Midlands Connect have a different role and remit to TfW, being regional bodies comprised of the local authorities in their areas and intended to provide advice on strategic transport prioritisation for DfT and UK Government. Whilst there may be some benefits from reviewing their structures at this time, their roles are significantly different.

It is not clear what if any mechanism there are to ensure local democratic accountability for strategic decisions taken by TfW.

The future role of Transport for Wales in delivering transport policy. What additional responsibilities should it take on and how should these integrate with the role of the Welsh Government, local government and emerging regional transport authorities?

Our understanding is that Welsh Government will continue to have the primary responsibility for delivering transport policy, albeit with advice from TfW as appropriate and based on their technical expertise. It is not clear how any feedback or comments from Local Government will be factored into transport policy.

The NWEAB has agreed to establish a Regional Transport Sub-Committee of the NWEAB, which will be a formal delivery body for transport on a regional basis. This will be established within the governance arrangements for the delivery of the North Wales Growth Deal. Having a clear and effective working relationship between this body, TfW and Welsh Government will be essential if integrated transport solutions are to be delivered.

Should such an integrated structure be established, there are clear opportunities for joint work to ensure Wales has the transport infrastructure it deserves. There has been a significant reduction in the skills and capacity for transport delivery within local authorities. This has led to a fragmented delivery of transport interventions with interventions often based around the location of individuals rather than a uniform quality of delivery across Wales. Having specialist technical centres of excellence, supplemented by a pool of suitably skilled and expert staff within TfW could be a useful resource.

There are some significant challenges facing transport networks over the next decade.

- Increasing Congestion on key networks
- Over-reliance on the private car and heavy goods vehicle
- Increasing journey times by road, rail and bus.
- Reductions in bus usage, especially fare paying users
- Over crowding, inadequate infrastructure, long journey times by rail
- Being ready for the decarbonisation of transport networks
- Inadequate and fragmented active travel infrastructure
- High transport costs

A successful and effective TfW will have a key role to play in identifying and delivering solutions to these issues, working in partnership with local authorities, regional transport bodies and with Welsh Government. An effective partnership will ensure that the best use of scarce resources and skills is achieved and that

strategic transport solutions are identified and delivered. Importantly, it could offer an opportunity to ensure that the right projects are those prioritised for delivery

It is essential however that the shape of any future collaborative structures is jointly developed and not imposed. The development of future roles in an integrated way, could offer some real solutions to the challenges Wales faces for transport.

Evidence from Growing Mid Wales Partnership

Introduction

The **Growing Mid Wales Partnership** is an inclusive regional economic partnership and engagement arrangement between the public, private and third sector, one of four that cover Wales. Established in 2015, it seeks to represent the region's interests and drive forward priorities for improvements to our local economy. The partnership's core purpose is to enable the region to fulfil its role as the rural powerhouse of Wales.

This Partnership builds on the long term relationship that evolved and continues to work together for the development of regional transport policy and planning (TraCC) which provides updates to the Partnership and acts as its Connectivity and Infrastructure Working Group, working under an Inter-Authority Agreement between Ceredigion, Powys and Gwynedd Councils.

In recent years the work has focused upon strategic corridor work, working with the Marches LEP, Midland Connect and Welsh Government to develop our Joint Marches and Mid Wales Freight Strategy and its appraisal framework. This has highlighted the need to assess wider economic benefits that can be achieved from investments in transport infrastructure.

We welcome the opportunity to respond to the Economy, Infrastructure and Skills Committee inquiry into the future development of Transport for Wales.

Response to questions

Are the current governance, structure and funding of Transport for Wales effective and transparent?

Transport for Wales is a new organisation and its development has been followed through The Senedd. It is understood that its structure and the recruitment of personnel is still taking place.

Their web site identifies a Board of Directors and an Executive Team together with its outlined business plan for two years. It is described as a not-for-profit company, wholly owned by the Welsh Government and its remit as is to provide technical advice to allow the Welsh Government to develop policy and to deliver on their behalf.

There is also an indication that that organisation is expected to grow and take on further responsibilities subject to business case approval.

Resources are increasing from 2018/19 to 2019/20 (from £102m to £181m and from £55m to £148m).

The web site now contains information relating to governance and management which appears transparent. This is in contrast to when it first became into being, when we needed to search out information and piece together its purpose, and the unravelling of what the rail franchise delivery actually means is still evolving, as the detail behind the headlines has yet to unfold fully.

How TfW will grow is also still hazy, however it would appear that there is an ambition around a further role with buses, and as regions we have been involved in working groups to develop a wider understanding of the current provision, and contribute to work as part of their business case development for some services such as back office arrangements, which are currently being delivered locally. Until a full business case is proposed it is not possible for local authorities to assess fully the implications.

The delivery of Transport infrastructure across Wales has been in partnership with local authorities and the Welsh Government for a number of years. It is still unclear how the new relationship will work, when agreeing on projects and funding and what TfW future role will be. What local authorities do not wish to see is any duplication in process and that decisions are communicated quickly. Welsh Government has confirmed an indicative five year funding plans for TfW and we would also welcome a similar indicative allocation for local authorities for transport delivery.

**What action should be taken to develop these aspects of the organisation?
What other governance models and good practice are available?**

Transparency of the organisation's arrangements is needed. An organisational plan would be helpful to understand accountability and reporting mechanisms.

The accountability to local democratic process should be crucial going forward. Decisions about highways and transport delivery within the Mid Wales region have an impact on our residents and businesses and surrounding areas along our key corridors. Our current local government process enables our locally-elected members to express and pursue projects and services in the interest of our

communities, and their engagement in the development and decision making of policy is vitally important, in ensure ownership and relevance going forward.

It is our process of governance and scrutiny that ensures public accountability and acceptance regarding decisions, and therefore the delivery on our local transport networks should remain as part of the local government remit, and our future working relationship with TfW needs clarification in order to ensure accountability and scrutiny continues at a local level.

The regions continuing involvement in developing these emerging processes, of updating and of identifying how any new role might work in the future requires a commitment to continue to be fully engaged in these processes.

Currently the Welsh Government public consultation “Improving Public Transport” asks questions around the role of “Regional Transport Authorities” and whether local authorities should have the powers to form them. It is important going forward that accountability is considered and agreed at all stages of these processes, and a full and considered response is currently being discussed.

The future role of Transport for Wales in delivering transport policy. What additional responsibilities should it take on and how should these integrate with the role of the Welsh Government, local government and emerging regional transport authorities?

Until a business case comes forward for consideration it is not possible to evaluate and make recommendations. We would hope that Welsh Government will engage and consult with local authorities ahead of publication of final business case.

With the current decline in local authority’s budgets our resources are continuing to be reduced and with this our capacity with our highways and transport teams. Therefore an opportunity to overcome these capacity issues could be a key step for local authorities, but without a business case it is not possible to comment further.

It is important that the future model needs to be fully considered and co-produced between local authorities, regions and TfW, and not imposed on us.

Our regional chair has already indicated a willingness to discuss opportunities for working together in future and we welcome this engagement and will continue to engage in the development of future joint working arrangements.

Agenda Item 7

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Agenda Item 8

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