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Russell George MS
Chair
Economy, Infrastructure and Skills Committee
Welsh Parliament
Cardiff Bay
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22 October 2020

Dear Russell

Future of Rail update

We are writing to update you on significant progress regarding the future of the Wales and Borders rail service, and specifically, its future delivery model, which Transport for Wales and KeolisAmey will be implementing that will allow us to adapt our plans for a post-Covid era.

Firstly, despite the enormous challenges presented by Covid-19, and the particular challenges presented to the public transport sector, the partnership remains absolutely committed to delivering the Welsh Government's ambitious vision for public transport in Wales. Throughout the coronavirus pandemic, we have continued to deliver critical passenger services. Whilst rail passenger numbers dropped to as low as 5% of pre-Covid numbers at the peak of the pandemic, our delivery has meant that those dependent on public transport have been able to continue to use these services.

As restrictions were eased, we have seen a gradual increase in passenger numbers, but clearly this will now be impacted by the resurgence of the virus and we are responding accordingly. However, it remains important that we plan for the post pandemic demands on rail services.

The reality is that for the foreseeable future there remains some stark economic challenges for the rail sector across the UK, and it is incumbent on us that we work together as a partnership to ensure we can provide the most stable platform possible from which to build back from this crisis. We all remain committed to the Welsh Government's ambitious vision for the future of rail services in Wales and the borders and so we need to make some key decisions on the way forward now rather than later.

The delivery of key commitments, such as the creation of the Metro, the delivery of brand-new rolling stock for the Wales and Borders rail network and numerous other improvements, remain an absolute focus for Transport for Wales and KeolisAmey. We are continuing to work closely with all partners and our supply chain to ensure we adapt and deliver our plans and services with safety as our top priority.



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A stable platform for building back better is dependent on the right delivery model, and we are pleased to inform you that Transport for Wales and KeolisAmey have agreed the principles of a new more public sector led model, evolved from the previous grant agreement, which will allow us to continue to put our customers and communities at the heart of everything we do.

We have agreed the principles of a new partnership model between Transport for Wales, Keolis and Amey, which comprises of three key components:

- From February 2021, the delivery of day to day rail services will be the responsibility of a new publicly-owned subsidiary of Transport for Wales, allowing government to have an even greater role in the delivery of rail services in Wales and the borders, reflective of the new commercial realities of the post Covid-19 environment. With huge uncertainty over passenger revenue, this provides us with the most stable financial base to manage rail services as we emerge from the pandemic.
- Infrastructure management and transformation of the Welsh Government-owned Core Valley Lines will continue to be delivered under the current contract. This will provide stability for the programme to ensure effective delivery of the South Wales Metro transformation work which is already underway.
- A new innovative partnership with Keolis and Amey, led by Transport for Wales, will be developed, which will allow the people of Wales to continue to draw significantly on the international experience and expertise of these partners to help TfW to deliver important commitments such as integrated ticketing, on demand transport systems, cross modal design and delivery, in addition to the ongoing integration of light and heavy rail.

This model will help us to continue driving forward the Welsh Government's vision for a transformed rail service through ensuring effective vertical integration of track and train, building on the work already achieved through the transfer of the Core Valleys Lines earlier this year.

We will now start the detailed discussions and implementation based on the principles outlined in our agreement. We will, of course, provide regular updates to you as the transition to the new delivery model gets underway.

There are some difficult decisions to come due to the economic realities of coronavirus. Whilst the cost of operating public services such as bus and rail have become more expensive as a result of the sudden reduction in patronage, at the same time climate change and our equality priorities mean that these services are now more important than ever.

We are confident that this evolution in the collaboration of Transport for Wales and KeolisAmey will continue to deliver on our ambitious plans for the future, and we hope that you will welcome this significant milestone, which will create a stable platform for the future success of rail services for Wales and the Borders.

If you have any further questions or require more information please visit <https://news.tfwrail.wales/news/transformation-of-the-welsh-transport-network-continues-despite-covid-19-challenges>

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'James Price'.

James Price
Prif Weithredwr / Chief Executive
Transport for Wales

A handwritten signature in dark ink, appearing to read 'Kevin Thomas'.

Kevin Thomas
Prif Swyddog Gweithredol / Chief Executive Officer
KeolisAmey Wales Cymru
(Operator of Transport for Wales Rail Services)