

Report on rail services and Transport for Wales' performance 2023-24

May 2024

1. Introduction

1. At the beginning of this Senedd term, the Committee agreed to produce an annual report on Transport for Wales (TfW), followed by a debate in Plenary. This is the second such report.
2. This report covers TfW Rail and TfW Group as a corporate entity.
3. This report also encapsulates work the Committee has undertaken in relation to rail services.
4. The report has been informed by scrutiny sessions with representatives from TfW ([22 November 2023](#)), and the Minister for Climate Change ([13 December 2023](#)).
5. The Committee also met with the following representatives of rail passenger groups on [15 November 2023](#):
 - David Beer, *Transport Focus*
 - Peter Kingsbury, *Rail Future Wales*
 - Jools Townsend, *Community Rail Network*
6. Transcripts of these meetings are available on the [Committee's website](#).



2. Corporate Governance of Transport for Wales (TfW)

Budget setting and business planning processes

7. To date, the Welsh Government draft budget has only reflected funding for TfW Rail Services, and not TfW's overall budget. When questioned on the reasons for this, James Price (TfW) explained that TfW's budget is uniquely structured and includes allocations relating to numerous activities, such as active travel. These allocations are approved by relevant Ministers and managed by different officials, although they are primarily within the transport directorate. James Price said he would prefer a more straightforward budget structure with fewer funding streams:

"I still believe it would be desirable to think about having a smaller number of budgets for TfW, because the large number of funding streams still makes it very complex to package things together."

8. Last year, the Committee concluded the budget process for TfW was complex and opaque. James Price had told the Committee the process involved "probably 20 or 25 different bilateral discussions going on with different budget holders across the Welsh Government." In response to a query, James Price acknowledged progress in this area, with Welsh Government officials streamlining the process so that fewer discussions were necessary.

9. James Price indicated that TfW was aiming to finalise its budget by the end of 2023 or early 2024. This meant it could be included in the Welsh Government's draft budget. However, he recognised that this was a matter for the Welsh Government.¹

Financial pressures in the current financial year

10. In 2023, TfW was awarded an additional £125m for rail services. This represented over 50% of its 2023-24 revenue budget.

11. James Price highlighted that financial pressures within TfW, especially in the rail business, had been a significant concern during the current financial year. He

¹ TfW's budget was not available by the time the Welsh Government's draft budget for 2024-25 was published.

emphasised that the primary financial challenge facing TfW Rail arose from a shortfall in revenue growth:

"What we have lost is three years of expected high growth, and that equates roughly to the £100 million figure that we are short of, and, obviously, if you roll that forward, whilst we will recover, I don't imagine that we will recover overnight."

12. Regarding passenger numbers after the Covid-19 pandemic, James Price said that demand had recovered more quickly initially in Wales compared to England. However, passenger numbers in Wales had plateaued for most of the current financial year, with numbers in England and Scotland catching up.

13. On 10 January 2024, the Institute for Fiscal Studies (IFS) told the Senedd's Finance Committee that the recovery of passenger numbers post-pandemic in Wales is comparable to Scotland. Yet, the Scottish Government had not had to make "big in-year top-ups to the ScotRail operational subsidy". It questioned whether this resulted from "differences in operational assumptions about growth" or passenger projections used by franchise bidders before the Covid-19 pandemic. This Committee considered this issue as part of its scrutiny of the Welsh Government's draft budget 2024-25 and commented on the matter in its report.

Corporate performance

Publishing Corporate Key Performance Indicators (KPIs)

14. During the Committee's 2022 annual scrutiny session, James Price said that over subsequent months, TfW would work to get its Key Performance Indicators (KPIs) "in a format that allows you to compare our performance with some benchmarks". However, no corporate KPIs had been published on the TfW performance webpage at the time of our annual scrutiny session.

15. James Price expressed regret about the delay in publishing the KPIs. He said that progress had been made on a pilot, but the project had lost momentum. This led to a shift in focus towards multimodal delivery KPIs, reflecting TfW's expanding remit, which was part of the reason for the delay:

"The focus was moved onto multimodal delivery KPIs... the view was it was more important to have similar KPIs for all modes of activity that we were delivering, and, indeed, wherever possible, to try and have the same KPI that went across different modes."

16. The new KPIs would include safety, customer satisfaction, on-time performance, usage numbers, and carbon efficiency. James Price said the KPIs would be published regularly starting from the final quarter of 2023. At the time of writing this report, the KPIs have yet to be published.

Managing Sickness Absence

17. James Price emphasised the importance of managing staff sickness absence fairly and effectively, especially in operational roles. Jan Chaudhry-Van Der Velde (TfW) said that sickness rates for front-line staff like conductors and drivers had now stabilised at levels slightly above those seen before the Covid-19 pandemic. He said TfW was aiming to improve on these rates, with a target of “5 per cent for those front-line grades”.

Staffing numbers in TfW

18. TfW's annual report for 2022-23 highlighted a significant increase in staffing levels. Staffing levels across the Group rose by approximately 30%. Staffing levels in TfW Rail increased by around 11% to 3,060.

Evidence from TfW

19. James Price said that staff increases had been focused on operational roles. TfW had also absorbed staff from PTI Cymru, providing customer services including Traveline Cymru. He explained that TfW was taking a strategic approach to staffing in response to its expanding remit, with a focus on creating back-office teams that can work across the business.

Focus on Equality and Diversity in the Workforce

20. The gender pay gap at TfW reduced significantly from 33.2% to 14.0% in 2022-23. James Price said that equality and diversity were priorities for TfW, with initiatives in place to promote equal opportunities in both recruitment and career progression. He recognised the historic challenges faced by female employees in the transport sector, and particularly in the bus industry. He said that TfW was committed to addressing these issues.

The Minister's view

Oversight of TfW

21. The Minister outlined her approach to oversight of TfW, including quarterly meetings between the Deputy Minister and the Chair of the Board of TfW to discuss performance, and monthly steering board meetings. James Price also attended the departmental directors' meeting.

22. The Minister said that TfW's articles of association and management frameworks were being updated to reflect the new governance framework and roles. These updates would be shared after they were finalised.

Budget allocations for TfW and rail

23. When she appeared before the Committee, the Minister emphasised the importance of maintaining financial stability for rail services. She explained that the Welsh Government plans to invest in these services to attract more passengers, thereby boosting farebox revenue. Over time, this approach is expected to lessen the need for government subsidies.

24. In written evidence provided to the Committee in relation to the Welsh Government's draft budget 2024-25, the Minister said the additional £125m funding had been essential for the continuation of rail services across Wales. She explained:

"These pressures have been caused by the ongoing impact the pandemic has had on the ambitious revenue projections from the original KeolisAmey bid in 2018 alongside some operational costs having increased as a result of inflation."

25. In December 2023, the Committee was told that the gap between the cost of running rail services and farebox revenue was at its "maximum," and closing this gap would take time. The Minister's official acknowledged that the period between 2023 and 2025-26 would be financially challenging for TfW.

26. The Committee considered funding for TfW and for rail in detail during its scrutiny of the budget for 2024-25. The Committee's conclusions and recommendations are included in the Committee's report.

Our view

In our last report on TfW, we made several recommendations aimed at improving transparency around the budget setting process. Despite the Welsh Government and TfW accepting those recommendations, we have not seen sufficient progress in this area.

The Welsh Government accepted our recommendation that TfW should publish business and financial plans before each financial year, but this has not been implemented as yet. We believe this must happen in future. We acknowledge the Welsh Government faced significant challenges in finalising its draft budget 2024-25, but we hope that it is still committed to increasing transparency around the budget setting process.

It is vital that every effort is made to ensure that TfW's full budget is available at the same time as the Welsh Government's draft budget for scrutiny. This is necessary for effective scrutiny and oversight of the body.

Last year, James Price highlighted to us that the budget setting process required discussions with numerous Welsh Government budget holders. We were pleased to hear that the process had been streamlined this year, with fewer bilateral discussions needed. We recognise the level of work that will have been involved in getting to this point. However, overall, we believe that the budget process needs to be further improved. We expect to see further progress next year.

TfW has faced considerable financial challenges in the last year, including a £100 million shortfall in funding arising, as James Price explained, from a shortfall in projected revenue growth from rail services. This has obviously been an area of concern for the Committee, and we commented extensively on this matter in our report on the Welsh Government's draft budget 2024-25.

In that report, we welcomed the decisive way that the Minister and Deputy Minister acted to ensure that rail services in Wales had sufficient funding to continue. Although the additional funding for 2024-25 has been "baselined" in TfW's budget for future years, we continue to be concerned that TfW and, by extension, the Welsh Government, remain financially exposed if farebox revenue fails to materialise at expected levels. We have already made clear that rail cannot be a blank cheque. We seek assurance from TfW that it has plans in place to manage potential shortfalls in farebox revenue in future.

In terms of performance monitoring, TfW's shift in focus of its KPIs does not excuse the fact that KPIs have yet to be published. Regular publication and updates of TfW's internal KPIs are necessary for accountability and transparency. We expect this to be addressed as a priority.

Finally, we welcome the positive progress TfW has made in reducing the gender pay gap and promoting workforce diversity. We would welcome a further update on progress in this area within the next 6 months.

Recommendations

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

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.

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.

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

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

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.

3. Delivery of rail services

The 95% Target

27. October 2023 marked five years since TfW took over the Wales and Borders franchise. At that time, the Welsh Government stated that by 2023, 95% of journeys would be made on brand new trains. In October, the Deputy Minister said “29% of... services are being operated with new trains”. He recently announced that the 95% target would now be met by the end of 2024.

Evidence from rail passenger groups

28. Peter Kingsbury suggested that achieving the 95% target by the end of 2024 would be a significant challenge. David Beer said that meeting the target would be determined by factors beyond TfW's control, such as the speed at which train manufacturers could deliver rolling stock.

Evidence from TfW

29. When asked about the likelihood of meeting the target by the end of 2024, James Price said it was challenging, but achievable. He agreed that this would depend on the rate of delivery of new trains from the manufacturer, CAF.

Timetable review

30. In July TfW announced it would be unable to deliver some of its committed December 2023 timetable additions. It said it would review its “longer term commitments”, sharing the outcome with the Welsh Government in the Autumn of 2023.

Evidence from rail passenger groups

31. David Beer emphasised the need for TfW to communicate timetable changes to passengers clearly. He highlighted that significant timetable changes were expected in June and December of 2024, particularly in the Valleys. This would require effective communication with passengers.

Evidence from TfW

32. James Price said that TfW's service provision needed to be reviewed in response to changes in demand and patterns of travel following the Covid-19 pandemic. He emphasised that significant levels of service reductions were not

intended. Jan Chaudhry-Van Der Velde added that the aim was for changes to be effective from December 2024, except for the Wrexham-Bidston line, which was subject to an accelerated timetable change due to performance issues with refurbished rolling stock. James Price explained:

"Those changes are currently working their way through the system, and the Welsh Government will soon be considering for which, if any of them, they will, if you like, sponsor us, but then going to have a consultation with the general public about it."

33. During his appearance before the Welsh Affairs Committee in July 2023, James Price discussed ongoing negotiations with Network Rail concerning timetable enhancements. He clarified that comments he had made during that meeting had not been intended to express a lack of confidence in Network Rail. He praised the local Network Rail team for their focus and approach to collaboration. He said:

"My comments were around some infrastructure constraints that need to be dealt with in order for us to run some future timetables... track speed improvements, to signalling changes and to making level crossings safer in order to allow more trains to run through them at greater speed."

Commercial revenue

34. In July 2023, the Welsh Government amended TfW's remit letter, advising TfW of the need to explore commercial strategies to reduce the need for public subsidy. When asked about this, James Price said TfW was exploring different revenue streams, including car parking, retail opportunities, advertising, and sponsorship.

Metro projects

35. Metro systems are being developed in north Wales; Swansea bay and west Wales; and south Wales. In April 2023, TfW notified this Committee that the cost of modernising the Core Valley Lines (CVL) had risen by a projected £306 million. The original 2018 estimate was £738m. In his letter, James Price attributed 37% of the cost increase to inflation, 34% to Covid-19 and Brexit and 29% to infrastructure constraints.

36. During his appearance before the Welsh Affairs Committee in July 2023, James Price suggested potential savings of £20-30 million could be made by

eliminating unnecessary scope from the project through not meeting some discretionary standards. He said this would “not impact the customer, the environment or safety”.

Evidence from rail passenger groups

37. Jools Townsend (Community Rail Network) expressed strong support for the metro schemes. However, she noted there had been significant disruption on the Valleys lines during the CVL modernisation. She hoped the new community rail partnership for the Valley Lines would help rebuild passenger confidence and give communities a strong voice in the ongoing development.

38. Peter Kingsbury contrasted the lack of progress between the South Wales metro and the metros in North and South West Wales. He suggested that the latter metro schemes were currently no more than concepts.

Evidence from TfW

39. Addressing the shortfall in the South Wales metro budget, James Price said that infrastructure constraints had been a significant factor, including diversions that had been necessary for utilities. He acknowledged the North and South West Wales metro projects were around five years behind the South Wales metro but suggested that the development of the latter projects was following a similar timeline. However, he added:

“the bigger challenge of your question is are those schemes going to get funded and where might that funding come from, and how do we make it a priority. Because we can develop all the schemes in the world, but if we can't get them funded, they won't happen.”

Performance of Rail Services

40. At the time of the Committee's scrutiny session, TfW's poor performance and its impact on passengers had been highlighted by rail passenger groups and in several media reports. Key issues included²:

² The Senedd Research Service article “[Transport for Wales rail performance - on the right track?](#)” ([senedd.wales](#)) includes further details.

- performance relating to 'passenger time lost' had improved on the CVL for the most recent performance periods, however performance across the whole network was generally worse than the previous year;
- between January and July 2023, stations in Wales had the highest rate of cancelled services in Britain;
- TfW's adjusted cancellations score data produced by the Office of Rail and Road (ORR) had been consistently higher than the England and Wales average since the data recording began;
- the percentage of services that operate below the capacity required in the timetable was consistently higher in 2023-24 compared to the same periods in the previous year; and
- TfW scored bottom for overall satisfaction in Transport Focus's most recent rail user survey. It also scored bottom for satisfaction with punctuality/reliability, frequency of services, cleanliness and for satisfaction with information provided during the journey.

41. In April 2023, Transport Focus called for TfW "to urgently deliver a more reliable rail service after months of disruption for passengers". It wrote to TfW expressing concern about performance, asking it to develop an action plan with timescales for restoring performance, covering:

- information provision, including improved notice of timetable changes, ensuring consistent information is provided;
- monitoring and improving the experience of replacement services, with clear information and support for passengers; and
- greater focus on improving complaint handling.

42. TfW replied on 26 April setting out challenges it faced managing "cascaded" (i.e. second hand or refurbished) rolling stock. It outlined actions being taken in the areas raised by Transport Focus. TfW said it had increased the size of its Customer Relations team and was planning to "increase resource to significantly improve complaint handling times".

43. TfW paid £1,848,488 in passenger compensation between October 2022 and September 2023 via its Delay Repay scheme. Under the scheme, passengers can claim compensation for delays of 15 minutes.

Evidence from rail passenger groups

44. David Beer recognised that resolving TfW's performance issues would take time. He pointed to positive steps that had been taken already by TfW to improve the provision of information to passengers, through measures in control centres and information hubs.

45. During discussions on service disruptions, representatives of rail passenger groups identified the early termination of journeys as a particular problem. Jools Townsend suggested that TfW should provide early information about potential disruption, so that passengers are better informed.

46. Peter Kingsbury referred to the issue of compensation for delays (known as the 'Delay Repay' scheme). He said he felt that compensating passengers for delays as short as 15 minutes might not be appropriate. He suggested that consideration should be given to whether a delay of 30 minutes or more could be a reasonable threshold for compensation.

Evidence from TfW

47. In reference to TfW's approach to managing disruptions, James Price emphasised that the aim was to minimise unexpected delays or cancellations. Jan Chaudhry-Van Der Velde explained that when deciding which services to cancel or shorten, controllers aim to make decisions that impact the smallest number of passengers. Where possible, replacement buses are arranged and efforts are made to ensure cancellations occur at staffed stations, so that passengers can access support, if necessary. In response to concerns raised about service cancellations during the winter, he said that TfW took the same approach to handling disruptions throughout the year. James Price said TfW would consider the issue.

48. James Price said TfW was integrating social media teams directly into control centres, to allow for faster communication with the public. Jan Chaudhry-Van Der Velde believed this had significantly improved TfW's responsiveness:

“The first time a control centre will be aware of a problem is when a customer Tweets it and the social media team pick it up. So, it's actually upping our game in terms of what we do at Cardiff on the mainline services outside the Valleys.”

Delay repay

49. James Price explained the scheme was initially designed as a mechanism to penalise operators for poor performance. In response to a question, he said that TfW could revisit the policy with the Welsh Government, particularly regarding the 15-minute threshold. However, he noted that he expected the costs of compensating passengers to reduce when services improve as anticipated.

Major events

50. TfW has been subject to ongoing criticism for its service provision around major events, with recurring media coverage of disgruntled passengers. In response to a question about rail service provision for Welsh international football matches, James Price admitted that TfW's current service provision for football events was not at the same level as for rugby. He said TfW was committed to improving service provision for major events. Jan Chaudhry-Van Der Velde explained that TfW aims to run later trains when possible but is often constrained by scheduled engineering work. He said that TfW held discussions with Network Rail about potentially adjusting schedules to accommodate major events.

Rail Infrastructure

51. In 2022 the ORR stated Network Rail "asset reliability in the Wales and Western region worsened [during 2021-22], contributing to poor train performance". In April 2023, the Deputy Minister criticised Network Rail funding allocated to the Wales and Borders route for control period seven (2024-29) for operation, maintenance and renewal (OMR)³ of the network, suggesting "it would mean a real-terms funding cut of 0.1% in cash terms at a time costs were going up". He also said trains would become less reliable:

"The effect of this will be a managed decline of the railway in Wales... It will take the rail network 10-15 years to recover from this set-back."

52. In terms of spending on enhancements⁴, following the cancellation of HS2's northern leg, the Prime Minister announced 'Network North', which would

³ The OMR budget is an amount allocated to Network Rail for each control period. OMR covers operation and day to day maintenance as well as like for like replacement (known as 'renewal').

⁴ Enhancement spending for major enhancement projects is determined by the UK Government's Department for Transport.

reallocate funding to transport schemes across “every region”. The UK Government promised “a £1 billion investment to electrify the North Wales main line”.

Evidence from rail passenger groups

53. David Beer expressed concern about the extent to which Network Rail budget constraints might affect its ability to deliver improvements. This was a particular concern regarding investing in resilience to mitigate against extreme weather events, which were increasing in frequency.

54. The May 2021 Williams-Shapps Plan for Rail proposed establishing a new body – Great British Rail (GBR) – to better integrate rail infrastructure management with planning services. At the time of the Committee’s inquiry, there was little detail on how this would work in practice. David Beer highlighted the lack of clarity surrounding the implementation of GBR and its implications for Wales. Peter Kingsbury said the aims of the new body would need to be aligned with devolved structures and priorities. The UK Government’s draft Rail Reform Bill, which will give effect to these proposals, was published in February 2024.

Evidence from TfW

55. In response to a question, James Price said it was unclear whether the proposed £1 billion investment for the electrification of the North Wales main line would be sufficient, as there had been no recent assessment of the costs of the work. He noted that progress might be significantly delayed, given the nature of political and funding cycles.

56. Geoff Ogden (TfW) added that TfW was collaborating with Network Rail to fully understand what might be achieved with the proposed investment, with the aim of aligning any project with the aspirations of both the Welsh and UK Governments.

The Minister’s view

TfW’s performance

57. The Minister’s official highlighted that TfW is in a period of peak disruption due to extensive changes being made across the network, including the rollout of new trains.

58. The Minister emphasised that while passenger numbers are recovering, patterns of travel have changed, necessitating a comprehensive review of services, including fare structures, and rolling stock distribution.

59. The Minister's official highlighted that the Welsh Government regularly discusses how TfW can improve its communication with passengers.

Major events

60. The Minister's official emphasised that, as more rolling stock becomes available, there will be more flexibility to accommodate travel to and from major events.

61. Addressing the cancellation of the Llanwern major events stabling line, the Minister's official said he did not expect a significant impact on rail services for major events. He explained that the project had not been pursued because the proposal did not provide sufficient benefits relative to the costs that would have been incurred. Alternative lower-cost solutions involving Canton and Barry sidings were more efficient.

Delay repay system

62. The Minister expressed openness to reviewing the appropriateness of the 15-minute threshold for compensation payments. She said:

"This isn't about incentivising TfW by fining them to do a better job. This is genuinely about compensating the passenger who's had a very bad experience and has a personal need for that compensation. And we have much better, other ways of incentivising TfW to do better and hold them to account in a much more robust way. I just want to be really clear, because James, I think, in his evidence was slightly giving the impression that it was about trying to get them to do better. That isn't how we see it. We see it as, you know, fairly compensating a passenger who's had a pretty bloody awful experience and needs that compensation. So, I do think there's a difference. I'm happy to look again at whether 15 minutes is the right amount of time."

Metro

63. The Minister reported positive progress in managing the £306 million shortfall for the CVL. The Minister indicated that while budgets are currently in place to support the programme, further review might be needed if there are significant disruptions in future.

64. Addressing the broader scope of the metro project beyond CVL, the Minister expressed concern over the reduced OMR funding for Network Rail, saying that “the next five-year funding for Network Rail for the Wales and the borders line is a reduction, even in cash terms, and, obviously, with inflation, much greater than that.” The Minister advocated for Wales to be considered a distinct region in Network Rail’s infrastructure programme, highlighting the long-standing underfunding issues.

Rail infrastructure

65. The official accompanying the Minister outlined the strategy of working productively with the UK Government’s Department for Transport to develop a pipeline of enhancement projects, which would be ready to be brought forward if the funding situation changes.

66. In response to a question about the UK Government’s draft rail reform Bill, which has been published since the Committee’s work concluded, the Minister expressed scepticism that it would be implemented before the next UK general election.

Our view

TfW’s recent performance has been characterised by high service cancellation rates and low passenger satisfaction scores. We acknowledge that TfW is in a challenging phase, with its rolling stock replacement and the CVL modernisation project both ongoing. This will undoubtedly affect performance. Despite recent improvements in certain areas, we share the view of rail passenger groups that TfW’s performance is not good enough.

We expect to see significant improvements in TfW’s performance over the coming year, as more new rolling stock becomes available, and progress is made on the CVL modernisation.

As Senedd members, we have all heard reports of poor communication and inaccurate information around service disruptions, and of constituents being

abandoned on an empty train platform, sometimes in the dead of night, and left to find their own way home. We believe TfW must put in place measures to ensure that no passengers are abandoned in this way without alternative transport provision. If TfW cannot provide an alternative mode of transport, such as a rail replacement, we believe TfW should aim to ensure that passengers are given the necessary funds to pay for an alternative.

A significant improvement in communication and complaint handling is also required. TfW must do more to ensure that passengers know as far in advance as possible if their journey is going to be delayed or affected by service interruptions. This will give passengers the chance to make alternative transport arrangements, if they are able to do so.

On 6 March, we received a letter from TfW outlining the different challenges posed by summertime and wintertime conditions on the cancellation of rail services and provision of rail-replacement bus services. While we welcome the provision of further information, we were disappointed that this part of the letter focused on the track management rather than the passenger experience. We believe TfW should give this issue further consideration.

We welcome the assurances from TfW that, where it is necessary for a journey to be terminated, efforts are made to ensure that happens on a station with TfW staff working there. However, we were surprised to learn that TfW's processes are not adapted to account for seasonal impacts on passengers. It is clear to us that passengers who are abandoned on a station in the depths of winter will need a different approach compared to high summer. TfW must address this.

TfW faces a challenging target of 95% of rail journeys being on new trains by the end of 2024. We note that, some rail passenger groups are sceptical about the likelihood of TfW achieving this. We would appreciate an update from TfW on progress towards achieving the target within the next 6 months. In our report on the Welsh Government's draft budget 2024-25, we recommended that the Minister should update the Committee on the introduction of rolling stock, including the total number of trains on order of each type, where each will operate, how many have been delivered and the planned phasing for the remainder. We await the response to that report.

We believe TfW's review of rail services is an appropriate response to changes in demand and travel patterns following the Covid-19 pandemic. However, any changes to services arising from the review need to be communicated clearly and early to passengers who might be affected. TfW should work with rail

passenger groups on this. TfW should report back to the Committee within 6 months on the outcomes of the review.

The rail provision for major events is simply inadequate. We are tired of the same problems occurring again and again, with the last train departing minutes after the final whistle of a Welsh international football match being the most recent example. TfW should be aware of major events around Wales sufficiently far in advance to plan accordingly and to provide a decent service for supporters. On 6 March, we received a letter from TfW outlining the steps they had taken to address these issues before Welsh international football fixtures on 21 and 26 March 2024, including additional and later services to accommodate fans wishing to use rail services. We were pleased to see that progress has been made and will be keen to see whether these steps are enough to address the long-running problems in this area.

We acknowledge that the Delay Repay scheme is intended to compensate passengers for poor performance by rail companies. We, of course, welcome this in principle. However, any such compensation regime must balance fairness with the realities of operating public transport. For that reason, we believe the compensation scheme should be kept under review to ensure the correct balance is being struck.

We share the concerns of rail passenger groups, TfW, and the Minister about the impact of Network Rail's OMR budget constraints on rail infrastructure maintenance and development. We believe that sufficient investment in maintenance is particularly important in the light of the anticipated increase in extreme weather events.

We note the comments from the Minister's official that the Welsh Government is working productively with UK Government officials to develop a pipeline of enhancement projects, so that they can be brought forward if the funding situation changes. We would be grateful for further detail of the projects that are being considered.

We note the uncertainty regarding the implications of the Great British Railways proposals for Wales. The UK Government published a draft bill on rail reform in February 2024. We would be grateful for TfW and the Welsh Government's views on the contents of the draft bill.

Finally, we remain concerned about the significant increases in the Core Valley Lines modernisation project. There has been an increase of £306m from the

2018 estimate of £738 million. We have heard the explanations of how this has occurred as a result of multiple challenges, from different directions, including inflation. Nevertheless, we remain concerned about the size of the increase. TfW has said that around a third of the increase has resulted from “infrastructure constraints”. While we appreciate that no one could have predicted the impact of the Covid-19 pandemic, we question why infrastructure constraints of this scale could not have been identified in advance.

We note that James Price has said that the budget for the South Wales metro could be reduced by £20-30 million without compromising safety or service provision. We would be grateful for further information from TfW on actions it is taking to realise these budget savings.

As a committee of the Senedd we have limited access to TfW's internal processes and information. This limits our ability to understand the factors contributing to the challenges faced in delivery of rail services, rolling stock procurement and CVL modernisation, and to seek assurance that an effective response is being put in place. Given the level of funding and risks involved we believe the Senedd's Public Accounts and Administration Committee and Audit Wales should consider whether the delivery of rail services and CVL modernisation project merits further scrutiny by the Auditor General for Wales in a value for money study.

Recommendations

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.

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.

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.

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.

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.

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.

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

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.

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.

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.

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.

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.

4. TfW and modal shift

67. The Wales Transport Strategy (WTS) (2021) set a target that 45% of journeys will be made by walking, wheeling, cycling or public transport by 2040 (from a baseline of 32% in 2021). Net Zero Wales Carbon Budget 2 2021-25 goes further:

“Our aim is to reduce the number of car miles travelled per person by 10% by 2030 and to increase the proportion of trips by sustainable travel mode (public transport and active travel) to 35% by 2025 and 39% by 2030.”

Regional Transport Plans and TfW's Role

68. TfW is instrumental in supporting the development of Regional Transport Plans (RTPs). Four statutory Corporate Joint Committees (CJCs) have been established to produce RTPs, Strategic Development Plans (SDPs), and to promote economic wellbeing. The Welsh Government has mandated CJCs to submit an initial 'Implementation Plan' by 31 October 2023, with the final RTP due by the end of March 2025, and a decision by the end of June 2025.

69. TfW's Business Plan 2023-24 commits to develop data to support RTP development and to “work with the CJCs and local authorities in the development of their Regional Transport Plans”.

70. James Price was confident about the progress TfW was making in working with CJCs and local authorities, especially in the context of preparations for bus franchising and regional transport planning. He acknowledged TfW had been subject to criticism from local authorities in the past but noted significant improvements in relationships:

“We are having a series of really good, grown-up, sometimes robust, but always respectful conversations with all local authorities and CJCs in Wales about how we're going to work together.”

71. James Price said that the Chair of the Welsh Local Government Association had been appointed to TfW's board, with the intention of ensuring that the expertise of local government informs TfW's planning and decision-making.

Preparation for implementing bus franchising

72. The Welsh Government is planning to introduce a Welsh Bus Bill in 2024, which will introduce a bus franchising model throughout Wales. TfW's Business Plan for 2023-24 said:

"We'll develop an outline programme of the works required (including governance and management structures) to deliver bus franchising in preparation for the Welsh Bus Bill passing into law in 2025."

73. In its written submission to the Committee, TfW explained it and the Welsh Government were "jointly producing a document which sets out our intended approach to bus franchising". It also said that in future TfW will "lead on the procurement of local bus services".

74. Addressing the challenges of maintaining bus services post-COVID, James Price pointed out the difficulties arising from the current system. He said:

"We are trying to make the best out of an imperfect situation at the minute, where we have a largely market-led bus delivery system in Wales, where private operators choose what to run, what not to run."

75. He concluded that the franchising model would address such problems, but there were several complex challenges to overcome in the interim.

Integrated Fares and Ticketing System

76. There have been longstanding calls for a fully integrated multi-modal public transport ticket system in Wales. TfW's 2023-24 business plan outlined strategies for integrating TrawsCymru with rail networks and implementing multi-operator bus pilots. The plan aims for an integrated transport system with one network, one ticket, and one timetable.

77. James Price said that significant progress had been made with several pilot projects in progress, including 'tap in, tap out' programs in South and North Wales. He identified bus franchising as a necessary step towards achieving full integration of fares and ticketing systems.

Active Travel Rates Since the Active Travel Act 2013

78. There has been little evidence of increased active travel rates since the Active Travel (Wales) Act 2013 (the 2013 Act) was passed. An expert review panel of the Senedd's cross-party group on active travel made 51 recommendations, including the production of a new national delivery plan.

79. TfW's 2023-24 business plan highlighted that it manages the Welsh Government's Active Travel Fund and is drafting the national delivery plan recommended by the expert review. The business plan commits to "develop and implement a multi-disciplinary training programme for active travel practitioners in local authorities and others in the sector" and to develop procurement frameworks "to support local authority access to supply chain and specialist skills".

80. In response to a question, James Price recognised that the potential of the 2013 Act had not been fully realised. However, he believed that recent trends were more positive. He assured the Committee that TfW, in collaboration with CJC, would aim to better integrate active travel into overall transport planning.

81. Geoff Ogden acknowledged there was a skills gap in relation to active travel. He referred to several initiatives being undertaken to address this, including training and development of local authority officers, the creation of a best practice design hub, and ongoing collaboration with education institutions to realign skills with the Wales Transport Strategy. He also referred to TfW's engagement with the Active Travel Board.

The Minister's view

Modal shift

82. The Minister acknowledged the difficulty of achieving modal shift targets, particularly the challenge of moving people from car use to public transport or active travel. She noted that while current estimates showed 32% of journeys being made by public transport, achieving a sufficient increase to meet the targets would be challenging.

CJCs

83. The Minister reported that all CJCs had submitted their RTP implementation plans. Each CJC had been allocated £225,000 to support the development of these plans. She highlighted the plans as a significant step towards integrated

transport planning, linking it with bus franchising reforms and integrated ticketing systems.

Bus franchising Bill

84. The Minister said discussions with bus companies regarding the proposed franchising system were ongoing. She confirmed the franchising model would allow for bids from municipal and not-for-profit organisations. The official accompanying the Minister said the model would consist of a 'mosaic' of franchise opportunities of different scales. Support would be available for small and medium-sized enterprises in the bidding process.

Impact of 20mph default speed limit on bus services

85. The Minister addressed concerns about the possible impact of the recently introduced default 20-mph speed limit on bus services. She said the Welsh Government was monitoring the situation. However, she suggested that bus services would be improved by measures to improve infrastructure, such as designated bus lanes, rather than exempting buses from the 20-mph limit.

Our view

Despite the Active Travel (Wales) Act 2013 having now been in place for over a decade, and increases in Welsh Government funding, levels of active travel are disappointingly low.

In our report on the draft budget 2024-25, we asked for an update within the next six months on the Welsh Government's progress in implementing the recommendation of the expert review undertaken on behalf of the cross-party active travel group. We expect a response to the report in due course.

TfW has a key role to play in relation to active travel, through the development of the national delivery plan and the management of the Welsh Government's Active Travel Fund. We would be grateful for an update on the development of the plan within the next six months.

TfW's work with Corporate Joint Committees on the development of Regional Transport Plans will also be vital in increasing active travel rates. We would be grateful for an update on progress on both these issues within the next six months .

We support TfW's progress towards the implementation of a fully integrated multi-modal public transport ticketing system. We note the comments that this will not be realised until the bus franchising model is in place. In the meantime, we encourage TfW to continue with pilot projects, to explore how the needs of passengers can be met.

TfW will take a leading role in delivering the bus franchising model across Wales. This will be a significant challenge, as TfW evolves into an organisation responsible for a multi-modal public transport system. We seek assurance from TfW that it is preparing for this new role, including that it has sufficient capacity and expertise.

We note that, on 5 March 2024, the Welsh Government and TfW published "Our Roadmap to Bus Reform: Towards One Network, One Timetable, One Ticket". The Committee will keep progress in this policy area under review.

We note that bus service operators and others have raised concerns regarding the impact of the recently introduced default 20 mph speed limit on bus services. We welcome the Minister's comments that the Welsh Government is monitoring the situation. We note that the interim report of the review of the policy has been published. It says that "Transport for Wales is in dialogue with bus operators over the impact of reduced speed limits on bus timetables" and notes that the Confederation of Passenger Transport Cymru "will be invited to provide further information and data for the next stage of this review." We welcome this. We believe the impact on bus services and integrated public transport provision is a crucial factor and should be considered further as part of the review.

Recommendations

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

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.

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.