



TRAFNIDIAETH CYMRU
TRANSPORT FOR WALES

ANNUAL REPORT 2023/24





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YEAR AT A GLANCE



Launched
T22 Electric Bus
between Blaenau Ffestiniog,
Porthmadog and Caernarfon



Brought
46 new
197 trains into
service as of
March 2024



Increased rail revenue by
15%
on last year

Reduced response times for
customers' complaints from
an average of 15 working
days to 4 working days



Reopened the
Treherbert
Line

James
Price
signed the
**Zero
Racism
Wales
Pledge**
on behalf
of TfW

Distributed
**£46
million**
in active
travel
funding



We launched over
**30 new
walks**
from railway stations
across Wales

Our colleagues
raised
£14,000
for Welsh Air
Ambulance



500
body-worn cameras available
to our colleagues

Won the
**Best Equality,
Diversity and
Inclusion Award**
at the Chartered Institute of
Personnel and Development Wales



Reduced trespassing on
Core Valley Lines by **45%**



TrawsCymru
24% more passengers
on TrawsCymru
buses

Hired
**20 Travel
Companions**
to provide dedicated
assistance to rail passengers

Cardiff Bay



ABOUT TRANSPORT FOR WALES

Vision

Wales's favourite
way to travel

Mission

One network,
one timetable,
one ticket,
one team

Purpose

We help people travel in ways that
are good for the planet, good for
the pocket and good for real life.

Values

We are one
We do the right thing
We challenge ourselves





CHIEF EXECUTIVE OFFICER'S STATEMENT

James Price



Over the last five years, we've developed and announced a lot of plans to improve transport for the people of Wales and the borders. While there is still much to do, the last year has seen the positive impacts of these plans and changes as they are fulfilled across the TfW Network.

Communities across Wales are beginning to see the results. To increase rail network capacity, we've introduced 46 of our new 197 trains into service and increased the number of carriages on our trains. New trains are running every half hour on the Rhymney Line. We've been steadily electrifying the Core Valley Lines and improving the Cardiff Bay Line, bringing the promise of South Wales Metro to fruition. Timetable improvements between Wrexham and Bidston mean more rail services than ever are running daily on that line. Bus passengers on TrawsCymru services are up 24% on last year. We've been working with local authorities to promote the use of active travel for everyday journeys. More locals and tourists now benefit from improved bus services in Eryri National Park.

Radical change is rarely easy. I want to thank the communities who have borne the brunt of this change. In the first half of the year, we had issues with the reliability and availability of our older trains. This led to overcrowding and cancellations. However, we worked hard to hasten the introduction of new trains into service and, by March 2024, shortages had been largely eliminated. Serving the public is one of the best things about my role. It must be done right. As TfW continues to develop, we'll use our hard-won knowledge to smooth the way for those people and communities impacted in the future.

It is equally important that we provide value for money for the public and the taxpayer. Nearly every service we run requires some form of public subsidy. This year we have worked hard to reduce our reliance on subsidy and our rail ticket sales were up by 15% on last year. I will seek to maintain this upward trajectory and mitigate risks with our continued introduction of new trains and timetable adjustments.

This report is a testament to the hard work of every colleague at TfW, from drivers and conductors, cleaners and customer experience professionals to planners and construction teams. Without them, none of our successes would have been possible. Finally, I thank our Chair Scott Waddington, the Board and partners for their hard work, constructive challenge and support.



15%

rail revenue increase
on the previous year

CHAIR'S STATEMENT

Scott Waddington



Seeing our projects come to fruition this year has struck me as a physical manifestation of TfW's ambition. We reopened the Treherbert railway line, replacing a signalling system that dated back to the Victorian era.

New trains are running on the Ebbw Valley and the Rhymney lines. We helped introduce electric buses in Gwynedd. These modern and beneficial transport improvements are what Wales deserves.

I welcome our ever-closer working relationship with local authorities. The Welsh Government's ambitious plans to franchise the bus network and services will see us collaborate closely with local authorities. In Gwynedd, for example, that collaboration has already borne fruit with improved bus services across the county. We've produced an active travel toolkit to help local authorities promote new infrastructure and local campaigns. To make the most of current and future cooperation, we welcomed Andrew Morgan as a representative for local authorities at our Board meetings.

There is much to come. The Cardiff Bus Interchange will centralise travel in our capital city. The Cardiff Bay Line improvements will provide better travel options in Butetown and the Bay area. The continued electrification of the Core Valley Lines will connect local communities to job and leisure opportunities. Our work in North Wales will improve access to health, education and work opportunities. More of our new trains will come into service across Wales and the borders. We're looking to help local authorities to introduce car clubs to reduce the need for car ownership in rural areas.

Just as it is important to celebrate where things have gone right, it is just as important to recognise where things can be improved. One of the biggest challenges we face is increasing our revenue so that we rely less on public subsidies. With current tight governmental budgets, we recognise that we must be as efficient as possible. Over the coming year, I will continue to prioritise this efficiency, providing better value for money for all our customers and users. If we are to remain a responsible transport operator, we must balance the need for a robust and reliable service within our budgets.

We must also think long term. Climate change is a major risk to the durability of our transport network. Making transport sustainable is a major part of tackling this emergency. To reduce carbon emissions, we're electrifying railways. We're encouraging greater take up of electric vehicle charging by the private sector and local authorities. Across our network, we're eliminating the use of single-use plastic on our network. Managing the risk from climate change will remain a major concern over the coming years and one that will be monitored closely.

I want to thank our Board for their continued support and input over the year. James Price, our Chief Executive Officer has achieved much to be proud of this year. He has the backing of and is well supported by a committed leadership team.

It's important to remember that we're building something for Wales. The colleagues I have met this year have all embodied this desire to contribute to this bigger project. When things go wrong, they are there to step in and make things better. Their hard work has built railways, served customers and increased revenue. It has been a tough year but it is one with plenty to celebrate. I want to express my heartfelt thanks for how our colleagues have responded to all the challenges of this year and encourage them to take time to recognise their many successes.



OUR STRUCTURE

Transport for Wales (TfW) is wholly owned by the Welsh Government. We're a not-for-profit organisation. We have four operating subsidiaries: Transport for Wales Rail Limited (TfW Rail), TfW Innovation Services Limited, Pullman Rail Limited and TfW Fibre Limited.

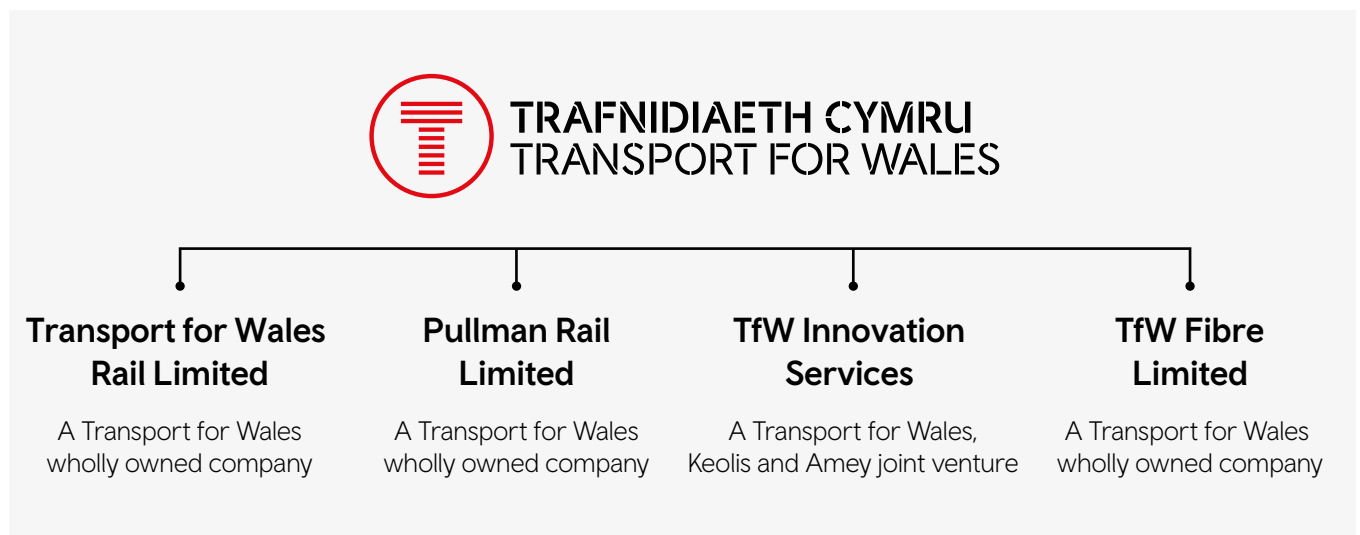
TfW Rail is responsible for the day-to-day operation of rail services on the Wales and Borders network. TfW Rail was created as the Welsh Government's appointed Operator of Last Resort and succeeded KeolisAmey Wales as the operator of the network in February 2021.

TfW Rail manages 248 stations and operates all mainline services wholly within Wales as well as services connecting Wales with Chester, Shrewsbury, Liverpool, Manchester, Crewe, Bidston and Cheltenham.

Pullman Rail Limited operates as a stand-alone company, delivering services under its own brand. Pullman Rail Limited provides technical rail expertise, specialist engineering solutions, rolling stock upgrades and repair, refurbishment and maintenance of all passenger and freight rail vehicles.

TfW Innovation Services Limited is a joint venture between TfW, Keolis and Amey. TfW has the majority shareholding. The company provides specialist expertise and capability to drive innovation and change for the wider TfW group, enabling the delivery of an integrated multimodal transport system for the people of Wales and the borders.

TfW Fibre Limited was established in early 2024 to make commercial use of the spare fibre capacity primarily installed to carry our operational signals and communications needed to run the railway. The fibre is available through the upgrading and modernisation of the Core Valley Lines. This spare capacity can now be used to support communication services in the area.



A message from **KEN SKATES MS,** Cabinet Secretary for North Wales and Transport



I am proud of our unique approach to transport in Wales underpinned by our relationship with passengers, our collaboration with communities and our social partnership with employees. As a result, all across Wales, our rail customers are experiencing tangible changes through more services, new trains and improving performance. Soon, 90% of journeys will be on more comfortable, more reliable and more accessible new trains across every part of Wales. On the Core Valley Lines, we have taken a huge step towards a true Metro-style transport network.

However, there is still a significant way to go, particularly in areas outside of the south east. We know that performance has not always been as high as we expect. Replacing an entire fleet while delivering one of the largest and most complex infrastructure programmes in Wales has been challenging but passengers are now starting to benefit from this investment and our determination to deliver a modern transport network that people in Wales deserve.

Around three quarters of all public transport journeys are made by bus. They are a vital service for the one in five households in Wales without access to a car. Over the coming years, TfW will see significant growth in its responsibilities for planning bus networks and services. New bus franchising legislation will require TfW to lead collaboration and engagement across public and private sectors to ensure that bus services in Wales provide the services people need through integrated networks, timetables and tickets.

I welcome and support TfW taking on additional responsibilities where they will support collaboration across sectors, improve integration between networks and promote sustainable transport choices. New responsibilities require new approaches to governance and scrutiny. I welcome the inclusion of the Welsh Government and local authority observers on TfW's Board and the publication of TfW's new multimodal travel performance and corporate indicators which will allow us to monitor progress, improve transparency and support accountability.

While I recognise the significant benefits of a comprehensive and accessible public transport network including supporting those with no access to a car and the opportunities that it offers to travel sustainably, I am also pragmatic about the role of cars in supporting rural communities and the economy. People often need a car to access basic amenities and I support TfW's work with local authorities to set up car clubs, allowing rural communities affordable and flexible access to cars.

I took up the role of Cabinet Secretary for North Wales and Transport in March 2024. Therefore, much of this annual report covers the work of my predecessor, Lee Waters MS, who I would like to thank for his guidance and leadership. I am proud of how far Transport for Wales has evolved since its establishment and its achievements so far and I look forward to the future of the T-network with one network, one timetable, one ticket and one team at its heart.

EXECUTIVE DIRECTOR OF FINANCE AND GOVERNANCE'S REPORT

Heather Clash



It has been a year of continued transformation and delivery for TfW. We have seen rail revenue continue to increase, and while returning to pre-pandemic levels clearly the lack of growth during those years has meant TfW has had additional funding needs.

We've celebrated the reopening of rail infrastructure like the Treherbert line and are completing our new depot at Taff's Well. There has been a substantial increase in bus passenger numbers on TrawsCymru routes. To improve active travel across Wales, we've distributed £46 million to local authorities to support infrastructure.

Our rail infrastructure work and investment in new trains continue to make up most of our capital expenditure. These will allow us to build a modern railway in Wales. Wherever possible, we have mitigated the impact of this work by running replacement buses and offering discounted travel to the affected communities. Difficulties with train rolling stock have meant it has taken until the second half of the financial year to run the reliable rail service our customers deserve. We're working more closely with Network Rail and Amey Infrastructure, collaborating to increase train punctuality and lower cancellations.

We are increasingly planning and providing guidance on bus and active travel in Wales. This evolution brings opportunities as well as risks. We will seek to manage these risks—as far as they are within our control—through our governance structures, targeted recruitment and organisational design. In collaboration with the Welsh Government, this year we published our roadmap to franchising that will guide our work on improving the bus network in Wales. For local authorities, we produced a toolkit for promoting active travel to increase the number of people using their new infrastructure.

Increasing rail passenger revenue will be essential to TfW's continued success. Rail passenger revenue has made a good recovery towards pre coronavirus pandemic levels (very similar if not better than other train operating companies in the UK). There remains a funding gap due to inflationary pressures, the impact of the service transformation and the delayed rail passenger revenue growth levels anticipated before the impact of the coronavirus pandemic. This year was also the final year of European Regional Development Fund for our capital works. To provide value for money for the public purse and mitigate financial risks, our challenge over the coming years is to grow our current passenger revenue streams and explore new sources of revenue.

Transparency has always been an integral part of how we operate. Over the coming year, we'll publish and report on a suite of key performance indicators. These indicators will ensure we're focused on providing an excellent service for customers and allow frequent monitoring of our performance. These cover multiple modes of travel as we already provide monthly performance reporting for rail. These will also continue to develop as we do more for the bus network and services.



Our governance framework comprises Transport for Wales's Board, its committees and subsidiary company boards, the executive leadership team and governance groups. This year, we worked closer with local authorities and trade union stakeholders to ensure their views were heard.

Supporting colleagues' well-being and development remains central to our continued success. We have worked with the rail trade union partners to introduce a three-year pay and productivity deal for drivers and conductors. We'll need to continue with upskilling our workforce, ensuring we have expertise across travel modes.

We have increased the number of women in leadership positions and working as train drivers. We're upskilling young people to fill national skills shortages. Increasing the diversity and skills of our workforce will ensure that TfW will thrive in the future.

Performance for the year

The table below sets out the results of the TfW Group for the year. Expenditure is split by type of grant funding. Our spend was in line with our remitted funding and other authorised spend, which was varied during the year.

The results are based on the central government budgeting boundary. The results exclude the performance of Pullman Rail Limited which is classified as an arm's length public corporation and therefore outside the boundary other than for financing transactions and distributions.

Expenditure	Welsh Government funding (remit and additional)	Final annual expenditure (Post IFRS16 adjustments)			
		Total expenditure (excluding commercial projects)	Less European Regional Development Fund capital funding	Less external revenue	Total Welsh Government funded outturn*
Revenue budget	£351m	£565m	-	(£215m)	£350m
Capital budget	£455m	£526m	(£80m)	-	£446m
Capital IFRS16 budget	£308m	£270m	-	-	£270m
Total	£1,115m	£1,361m	(£80m)	(£215m)	£1,066m

*The Welsh Government outturn (excluding IFRS16 capital) is made up of the following elements:

	Outturn			
	Rail services grant funding	Bus and active travel grants to Local Authorities	Other Welsh Government remit grant funding	Total Welsh Government funding
Revenue grant funded expenditure	£295m	£5m	£50m	£350m
Capital grant funded expenditure	£46m	£46m	£354m	£446m
Total	£341m	£51m	£404m	£796m

The rail services grant funding received relates to payments made under the grant agreement to operate the Wales and Borders rail franchise which is administered by TfW on behalf of the Welsh Government.



The performance of the rail franchise is below. Rail revenue has continued to recover from the impact of the coronavirus pandemic to close to pre-pandemic levels. However, due to impacts of the pandemic, we are yet to achieve the incremental growth that was anticipated based on pre-pandemic assumptions when Welsh Government awarded the rail services contract to KeolisAmey in 2018.

Rail franchise revenue subsidy	£m
Total passenger and other non-Welsh Government revenue	£185.6
Staff costs	(£224.3)
Rolling stock charges (pre IFRS 16 basis)	(£135.3)
Performance charges (net of income from Network Rail and other train operating companies for service disruptions)	£11.2
Infrastructure charges	(£61.9)
Other operating costs*	(£42.2)
Total operating expenditure	(£474.9)
IFRS16 lease interest and other finance costs	(£6.1)
Welsh Government revenue subsidy required (Post IFRS 16)	(£295.4)

* Other operating costs are mostly related to safety and security measures, IT and digital projects, marketing and advertising campaigns as well as insurance and industry schemes.

Our financial statements

The consolidated income statement shows a loss for the year of £33 million (in 2023, £26 million). TfW applies a revaluation policy to its rail network assets, which results in the annual depreciation of £57 million (in 2023, £52 million) for the rail network being significantly higher than the grant funding of £23 million (in 2023, £15 million) to acquire and improve the rail network, which is amortised through the income statement. This will therefore result in an ongoing annual loss in the income statement alone. This loss is offset through a transfer within the Statement of Changes in Equity from the revaluation reserve to retained surplus of £34 million (in 2023, £29 million).

The retained surplus/(loss) after these adjustments is set out below:

Revenue subsidy	2023/24 £000	2022/23 £000
Surplus/(loss) before reserves transfer and rail franchise acquisition adjustments	(£33,298)	(£26,027)
Reserves transfer	£34,423	£29,045
Other movements in comprehensive income	£354	£565
Retained surplus/(loss) for the year	£1,479	£3,583

As TfW and TfWRL are not for profit, the retained surplus is made up mainly of timing differences within TfWRL in relation to leases and corporation tax as well as performance in Pullman Rail Limited. In addition, when TfW acquires land relating for the South Wales Metro project using capital grant funding, in accordance with IFRS, this funding is recognised as income in the year of acquisition.

Total expenses for the year were £741 million (in 2023, £656 million). This growth is driven by a continuing increase in non-rail related activity (for example, development of future bus strategy) alongside inflationary increases, growth in staff and other costs related to new rail rolling stock for more frequent services and increased rail infrastructure depreciation due to the increased asset value.

We also facilitated direct grant payments to local authorities of £5 million of TrawsCymru bus grant payments and £46 million of active travel grant payments (netted within the Statement of Comprehensive Income as TfW acts as administering agent to Welsh Government, not grantor).

At the end of the year, the capital assets we hold were valued at £3.9 billion (in 2023, £3.4 billion). We incurred £724 million of capital additions during the year (in 2023, £541 million) as well as £23 million of capital grant-funded expenditure (in 2023, £25 million) in relation to spend which is eligible for capital grant funding but does not meet the criteria for capitalisation on our balance sheet; this is included within administrative expenses in the income statement.

We assess the worth of the Core Valley Lines rail network through a valuation process, which is set out in note 8 to the accounts. The valuation is based on a modern equivalent depreciated replacement cost. The value as at

March 2024 is £2,252 million, an increase of £117 million compared with the previous figure primarily due to £283m of additions as elements of our South Wales Metro development entered into use, offset by depreciation and revaluation movements (in particular, indexation and revisions to useful lives on certain rail asset categories).

Most of our property, plant and equipment assets are rail infrastructure-related but we also hold £716 million (in 2023, £282 million) of other in-use capital assets. These include property, rolling stock, plant and machinery, leases, IT and software and data licences. The increase since last year relates primarily to new rolling stock leases. We have £894 million (in 2023, £959 million) of assets under construction as at March 2024, which includes the works being carried out to support the development of the South Wales Metro that are not yet in use, and capital costs in relation to the introduction of new fleet.

We have £236 million of current assets, mostly trade receivables and £269 million of current, short-term liabilities, mainly accrued trade payables. Invoiced trade payables are relatively low (£32 million) as we aim to pay all suppliers promptly.

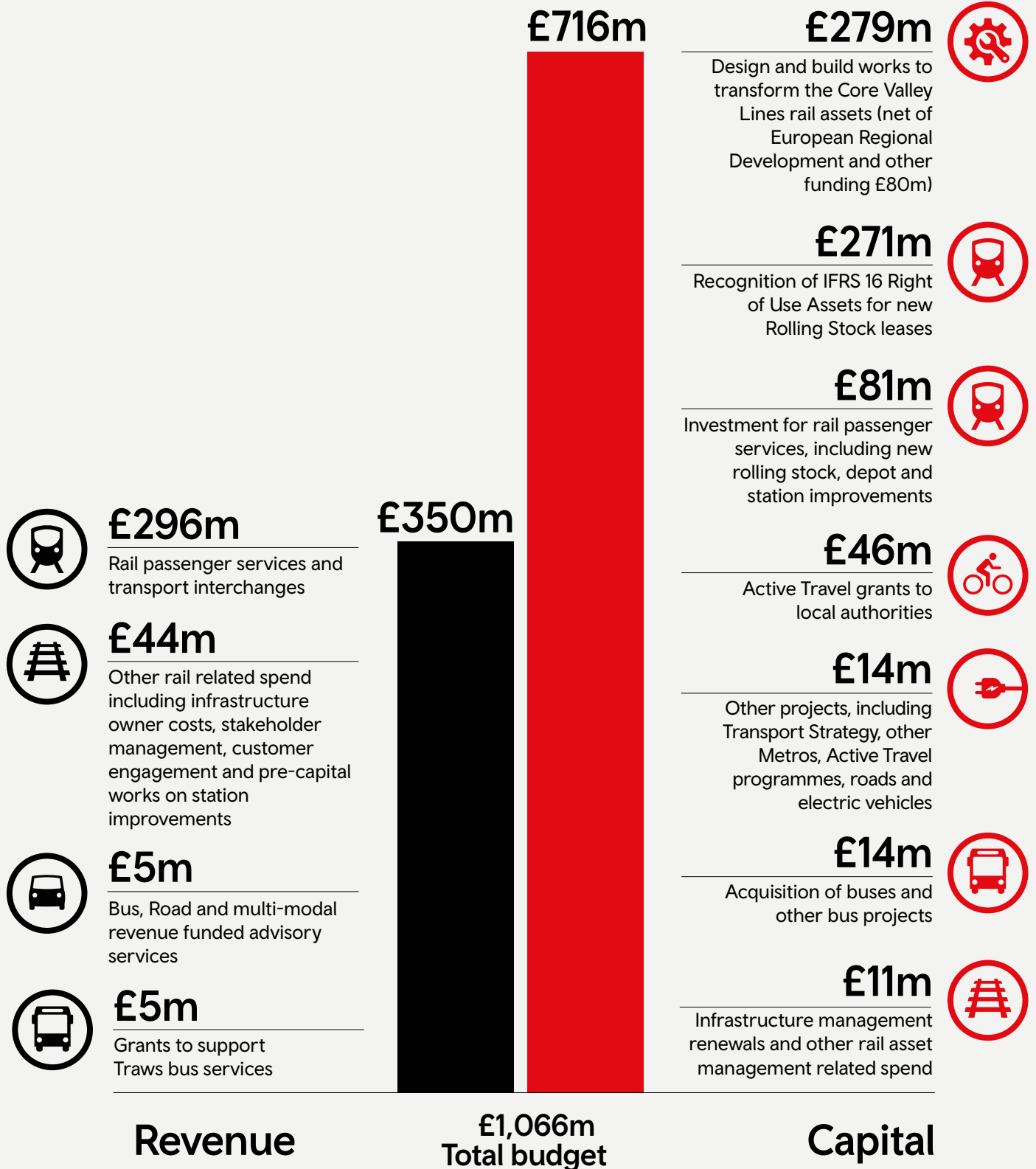
We have non-current liabilities of £2,352 million, of which the majority relate to deferred capital grant balances to be released against the assets. The remainder includes defined benefit pension liabilities, leases and related dilapidations provisions.





REVENUE ACTIVITIES

CAPITAL ACTIVITIES





GOOD FOR THE PLANET





More people travelling sustainably is key to protecting the environment and ensuring long-term sustainability. To future-proof our railway, we're electrifying track and running more sustainable trains. With local authorities and bus companies, we're building a bus network that connects communities. We're encouraging more people to walk and wheel on shorter journeys.

This is not just about reducing carbon emissions at a national level and meeting our global responsibility. This shift in travel patterns will impact the lives of individuals, improving their health and reducing the financial cost of running a car. Having an easy-to-use and accessible transport network will create a more equal Wales. It is about everyone having access to education, work and health opportunities. Sustainability ensures the longevity of Welsh culture, language and historic environment.

This annual report marks a pivotal moment in our commitment to shaping a sustainable Wales. In June 2024, we became a named body under the Well-being of Future Generations (Wales) 2015 Act. We'll ensure that sustainable development is embedded into all we do and aligned with the principles of the Act.



**LLESIANT
CENEDLAETHAU'R DYFODOL
WELL-BEING OF
FUTURE GENERATIONS**



TRAFNI
CYMRU
TRANSPORT
WALES



TRAFNI
CYMRU
TRANSP
FOR WA

REVENUE AND TICKETING

We're growing revenue through ticket offers and effective campaigns. To make public transport easier and cheaper to use, we've extended free rail travel for children, discounted fares and dynamic pricing. We're integrating tickets so customers will only need one ticket for journeys using different modes of transport. By developing innovative digital solutions, we're reducing waste.

Revenue and travel patterns

Train travel—which changed during the coronavirus pandemic—has now settled down into a more definitive pattern. We've seen revenue increase in some months to above pre-pandemic levels for the first time.

Changes to working patterns mean that Monday to Friday commuting times are not as busy. Passenger numbers on Sunday and summer services are higher and have stayed high. Longer journeys have recovered more strongly than shorter ones. We're looking to align our timetables and pricing structure to adjust to these changes. Working with trades unions, we're working with our people to ensure we can respond to these changes in demand.

Bus passenger figures across Wales remain lower than before the pandemic. Some of our services, however, have bucked that trend. The TrawsCymru services we manage have seen an overall average increase of approximately 24%. The T1 and T10 services have increased passenger number by two thirds on the previous year. We've done this by improving reliability, timetables, fares and customer service training



One ticket

One ticket for bus and train

We're working towards customers only needing one ticket even when travelling on multiple different forms of public transport. This year, between Swansea to Aberystwyth we offered combined train and bus fares from £15.30 for an Anytime Single ticket.

1bws ticket expansion

We've supported the local authorities and bus operators to introduce and promote integrated ticketing. In September, a weekly 1bws ticket was released. A 1bws ticket allows customers to purchase a single bus ticket to travel on multiple buses and bus companies. The 1bws ticket is a partnership project between us, six local authorities and 27 local bus operators.

In October, the geographical area covered by the 1bws ticket was expanded. Customers can now travel on nearly 200 routes in North Wales using multiple bus operators.

Ticketing offers

We ran a number of campaigns at key points of the year to encourage more public transport use. These included:

- Promoting catch the bus month and the festive December period by offering half-price day tickets on TrawsCymru bus routes.
- A Multiflex train ticket offer of 12 tickets for the price of six and 50% off advanced tickets for journeys over 50 miles.
- Kids Go Free campaign to highlight that children travel free on our trains when travelling with an adult.
- Rail to trail campaign which highlighted the links from railway stations to long-distance walking trails.

Pay-As-You-Go tickets

We launched a pilot for Pay-As-You-Go tickets on rail journeys between Cardiff Central, Newport and Pontyclun. This has since been expanded to include Ebbw Vale. Pay-As-You-Go fares will typically be cheaper than current fares and will be capped at a daily and weekly level to offer the best value for customers. South Wales is the first UK location outside of London where this ticketing is available.

£15.30

for a combined train and bus fare between Swansea and Aberystwyth

TfW app

We had a 30% growth in ticket sales through the TfW app. We also introduced several key new features including:

- Online cycle reservations.
- Checkout basket allowing multiple purchases in one transaction.
- Pay-As-You-Go dashboard for managing cards and viewing transactions.
- Alerts when a pre-booked ticket has changes to the timetable.

To better ingrate different modes of travel, we rebranded the existing Traveline.Cymru website and app. The improved brand alignment supported a 30% growth in number of journeys planned through the Traveline Cymru website.

Fibre commercialisation project

We install fibre cables when building rail infrastructure to carry signalling and other information. Currently, we do not use all of the fibre capacity on the Core Valley Lines. We'll seek to sell the spare capacity to internet service providers or mobile phone carriers. This will help digitally connect the communities we serve and potentially provide income for the Welsh transport network.





RAIL AND INFRASTRUCTURE

TfW has been appointed by the Welsh Government to run rail services in Wales. We're introducing new trains and electrifying tracks. With timetable improvements, we've increased train services across Wales and the borders.



Treherbert station



Core Valley Lines

Our biggest infrastructure expenditure this year has been our continuing transformation of the Core Valley Lines, part of the development of the South Wales Metro. This work is part-funded by the European Regional Development Fund through the Welsh Government. The investment will help unify rail, bus and active travel routes.

Treherbert line

Between April 2023 and February 2024, we electrified the Treherbert line and updated the signalling system. Three new track loops were installed, platforms were extended and new footbridges were built. It was the oldest railway infrastructure in Wales. Modernising it allows us to run a more frequent and greener service.

In February 2024, we reopened the line. To thank the communities impacted and encourage them to use the service, we offered them 50% off journeys between April 2023 and May 2024.

Signalling

We completed testing and installing signalling on the lines between Aberdare, Merthyr Tydfil and Ninian Park to Pontypridd. The lines have been electrified from Cardiff to Aberdare and Merthyr.

Taff's Well Depot

We're nearing completion of the construction of the maintenance facility and depot at Taff's Well. The control centre came into operation this year and is providing signalling for trains on the Treherbert, Aberdare and Merthyr lines. The control centre combines operations and infrastructure control with driver and passenger information.

Cardiff Bay Line

This year, we've undertaken extensive work on the Cardiff Bay Line. This included:

- Work on platforms at Cardiff Bay and the new Butetown station.
- Track works and installation of communication systems.
- Electrification work on the line.

The project has involved substantial engagement with local communities. The Metro Central and Bay stakeholder and community team ran an event on careers in transport. This day was organised following feedback from communities in Butetown and Cardiff Bay. To better understand the barriers to recruitment, we've been meeting with and learning from local community groups.

Following feedback from the community, we published communications in five locally spoken languages: Somali, Arabic, Urdu, Welsh and English. Webpages have also been developed in these five languages to ensure the community are kept up to date on the project. We commissioned a mural that represents the communities of Butetown and Cardiff Bay, highlighting the area's rich musical heritage.





Machynlleth station

Investment in trains

We're investing £800 million in new trains to offer more accessible and comfortable train travel for our customers.

This year, our biggest challenge was replacing our Class 175 trains which (due to their age) were unreliable.

To replace them, our new Class 197 trains have been steadily coming into service. The Class 175 trains were removed from service by October. We've also worked to increase the reliability of the Mark 4 trains and the number of carriages on our trains. By the end of March, we had largely eliminated issues with train shortages.

Our Class 398 tram-trains are being tested at Taff's Well depot and on the Core Valley Lines. They can travel up to 100 km per hour and will hold up to 252 passengers.

This year, we've been testing our Class 756 trains. The trains will then be entering public service later in 2024. They can travel up to 120 km per hour and are also able to switch to run on battery or diesel hybrid power for sections of the network that are difficult or costly to electrify.

Timetable improvements

Over the course of the year, we've introduced and reintroduced a number of train services. These timetable changes include:

- A half-hourly service between Ebbw Vale Town and Newport or Cardiff Central.
- An hourly Liverpool to Chester service.
- Trains every 45 minutes on the Wrexham Central to Bidston line, an increase from every hour.
- Hourly service between Cardiff and Cheltenham Spa returned in March.
- The Cambrian Coast line between Pwllheli and Machynlleth reopened in December following the Barmouth viaduct works.



£800M

Investment in new trains to offer more accessible and comfortable train travel



BUS

TfW helps local authorities run bus services across Wales. This includes long and medium-distance TrawsCymru services and more local, on-demand fflecsi services. We're looking at ways to improve the sustainability of bus travel by investing in electric buses.

65%

increase in passengers
this year on our flagship T1
service between Carmarthen
and Aberystwyth



Franchising ambitions

In March 2024, TfW and the Welsh Government published Our Roadmap to Franchising. The roadmap lays out the benefits of franchising, the steps we'll take to get there and our proposed approach. Working with stakeholders and passenger representative groups, we'll continue to refine this approach, we're engaging with local authorities, trades unions and operators to reform networks and services.

TrawsCymru

Transport for Wales is now responsible for the procurement, and monitoring of performance and quality of the TrawsCymru service.

Our flagship T1 service between Carmarthen and Aberystwyth has seen a 65% increase in passengers this year. In 2023/24, routes T1C, T2, T3, T6, T10 and T22 were added to our portfolio.

Our improvements this year included:

- Making timetable adjustments to better connect bus services from Cardiff to Aberystwyth, Bangor to Aberystwyth and Machynlleth to Aberystwyth.
- Increasing the frequency of the T10 service on Saturdays, Sundays and in school holidays between Betws-y-Coed and Bangor, providing an hourly service linking with other services in Bangor and Eryri including Sherpa'r Wyddfa.
- Introducing a T3C service to connect to villages including Llanuwchllyn and Corwen, improving journey times along the T3 route.

Sherpa'r Wyddfa service

Sherpa'r Wyddfa is a bus service that serves Eryri National Park. We work in partnership with Cyngor Gwynedd to provide a viable alternative to the car for tourists and locals, helping to ease road congestion.

Passenger numbers have grown substantially, increasing by 64% in April 2023 compared with April 2019. In November 2023, the service received a silver award in the Buses for Leisure category at the UK Bus Awards.

Cardiff Bus Interchange

Cardiff Bus Interchange opened 30 June 2024. It has live customer information screens for bus departure times from the interchange and rail connections from Cardiff Central. We work closely with bus operators to confirm which services they plan to run from the bus interchange. We've collaborated with Cardiff Council so services can operate effectively with the local road and bus network. With wayfinding, we're making it easier for people to integrate their journeys by multiple modes of travel. It'll play an integral part of the integrated transport network that is being built for the people of Wales.

Expanding our fflecsi service

fflecsi is an on-demand service which picks customers up from a location that suits them. This year, we've expanded the service, especially in rural areas.

In partnership with local authorities, this year we:

- Expanded services in Denbigh, providing more services for rural communities.
- Ran a summer service in Pembrokeshire covering Tenby, Saundersfoot, Pembroke and Pembroke Dock.
- Included Dolwyddelan in the Conwy fflecsi service.
- Introduced fflecsi services in Dolgellau and Dyffryn Dulas.



64%

Increase in passengers
compared with 2019 on the
Sherpa'r Wyddfa bus service

GWYNEDD IN FOCUS

New bus routes

In February 2024, Cyngor Gwynedd and TfW launched a new T22 route from Blaenau Ffestiniog to Porthmadog and Caernarfon. These are the first electric buses on Gwynedd's public transport network. The vehicles and charging facilities were provided with financial support from the Welsh Government and will be operated by Llew Jones International.

The T8 service has been introduced providing new public transport connectivity on the Corwen-Ruthin-Mold-Chester corridor with over 9,500 passengers now using the route per month.

Mapping the network

We worked with Gwynedd Council to redesign the bus network in the region. A modelling exercise showed that nearly 40% of households would benefit from higher frequency services. The number of households that would have access to key locations such as Barmouth High Street, Ysbyty Alltwn NHS Wales and Bangor University could more than double with the proposed changes.

Gwynedd fflecsi services

In February, we supported the local authority to introduce two new fflecsi services in Dolgellau and Dyffryn Dulas. In March, the Llŷn Peninsula fflecsi service was relaunched, serving both locals and tourists.



Betws-y-Coed



INTEGRATING TRANSPORT

At TfW, we're making journeys by public transport, walking, wheeling and cycling easier. Through Traveline Cymru and TrawsCymru, we're making it easier for people to plan journeys across transport modes. This planning allows more people to travel sustainably.





Transport for Wales Customer Engagement Centre

It has been an exceptional year for interacting with our customers. In 2023/24 the customer engagement centre took 502,377 calls, processed 50,959 concessionary travel cards, booked 49,897 fflexi journeys and responded to 24,512 complaints.

This year, we've improved the response times to customers who have contacted us. Response times for customers complaints have reduced substantially from an average of 14.57 working days to 3.79 working days. We've introduced live chat to our website, providing another way for our customers to contact us.

We've provided out of hours support to customers who have been impacted by cancelled trains. This has allowed us to offer phone and social media responses until 11pm.

Traveline Cymru

Traveline Cymru has been fully integrated into Transport for Wales. The service allows people to plan journeys by bus, train, cycle and on foot. It also provides fares and ticketing advice and travel alert information. This year, the customer contact centre answered 68,379 Traveline Cymru calls. In the same period, the Traveline Cymru website provided 1.3 million pieces of information on journey planning and timetables to people travelling in Wales.

Encouraging travel

We run a number of projects to encourage people to travel on our network. These include:

- Our Confidence to Travel events where we help older, young and disabled people gain the confidence to travel on public transport.
- Running a refamiliarisation journey from Pontypridd to Treherbert to talk through the changes with blind and partially-sighted passengers (and their guide dogs).
- Hiring 20 Travel Companions to provide dedicated assistance to rail passengers requiring extra support to book tickets, find their way round stations and board trains.

Changing transport behaviour

At TfW, we're giving people the opportunity to make sustainable travel choices and to reduce their reliance on private car use.

An important part of providing better choices is to understand what behaviours lead to the transport decisions people make. To help us do this, we've developed our behaviour change strategy. This strategy supports us to embed behavioural science processes, knowledge and skills throughout our organisation and interventions.

We've introduced an in-depth behavioural science training for our colleagues. It is a collaboration with the Behavioural Science Unit, Public Health Wales and the University of Manchester.

To understand women's perception of safety when using public transport to travel to and from Cardiff, we worked with THINK (Transport and Health Integrated Research Network) and Aberystwyth University on a research project.



502,377
calls processed this year at
our customer contact centre



LIVE CHAT
introduced to our website,
providing another way for our
customers to contact us

Sustainable tourism

Walking holidays

With Ramblers Cymru, we launched 22 new walks from railway stations across Wales. The family friendly walks (all under 5km) are aimed at encouraging local people and visitors to be more active and explore places using public transport. All the walks start and finish from railway stations on the Wales and borders network.

We created 33 walking routes to and from our railway stations on the Go Jauntly app, highlighting different points of interest along the way.

Working with partners

In autumn 2023, we partnered with Visit Wales to encourage travellers to use the train to visit some of the country's best tourist spots. The new campaign highlighted Aberystwyth, Conwy, Chepstow and Tenby. The offers included saving 50% on Advance train tickets, kids go free and 2for1 entry to Cadw sites across Wales.

We set up new partnerships with Visit Shropshire, Visit Chester and Visit Manchester to promote exploring the areas by train. To increase Welsh language use, we developed several bilingual posters and social media content.



33

walking routes created
for the Go Jauntly app



WALKING, WHEELING AND CYCLING



250

Local Authority active travel
schemes supported by TfW

By 2040, the Welsh Government has set the target for 45% of all journeys being made using sustainable transport. Active travel means, walking, wheeling (moving with the use of wheelchair, mobility scooter or rollator) and cycling. We want active travel to be the preferred option for short, everyday journeys.

Promotional toolkit

We have produced an Active Travel promotional toolkit for local authorities to promote walking, wheeling and cycling. It provides key messages, guides, evidenced interventions and a bank of over 500 images to encourage active travel in their areas.

Active Travel Fund programme

We manage the Active Travel Fund programme on behalf of the Welsh Government. Working with local authorities and other partners, we identify, develop and deliver better routes for walking, wheeling and cycling. This year the capital investment totalled approximately £46m over more than 250 schemes.

Prioritising investment

We've developed a prioritisation tool to identify routes to best encourage more walking, wheeling and cycling. This tool is map based and uses a wide range of evidence and data to support decision making. This interactive approach supports local authorities in their development of Active Travel Network Maps which cover their existing and future walking and cycling routes.

Pathfinder Programme

We have continued to develop the Pathfinder Programme which pilots approaches to encourage more people to walk, wheel and cycle. We've worked closely with local authorities to identify the first group of projects to develop. The programme is exploring the development of demonstrator areas, where we can test the effectiveness of interventions, supporting better transport choices and improved travel infrastructure.

Cycle Hire

We want to increase the availability of cycle hire across Wales. It is an important feature of successful integrated transport networks. We are working with local authorities, sharing best practice and learning. This year, unfortunately the Ovo cycle hire scheme closed in Cardiff and we worked with Cardiff Council to understand the lessons learned for the benefit of future schemes.

Skills and Development Programme

We're producing a programme which will be the go-to place for training and guidance for active travel practitioners across Wales. Its purpose is to provide people with the skills and knowledge to increase the scale, pace and ambition of travelling actively. It offers a sustainable and purposeful career path for those involved.

Highlights included:

- Informing specialists, such as planning and road safety practitioners, how to maximise the benefits of active travel.
- Commissioning the development and delivery of route audit training.
- Enhancing network mapping and active travel provision across Wales.



500+

images available in the Active Travel promotional toolkit for local authorities to use





CONNECTING RURAL AND URBAN COMMUNITIES

Transport is vital to connect people with loved ones, education, health, leisure, tourism and work. Our key challenge is how to do this more sustainably—for those living in rural and urban areas this requires different approaches.



Improving rural transport

We're analysing how easily people living in rural areas can access public transport to make their journeys.

This year, we worked with Welsh Government to produce a report on sustainable transport planning in rural area. It was published in March 2024 and highlighted different ways local authorities and communities could improve rural life across Wales through transport initiatives.

We have formed links with public transport organisations serving rural areas across the UK to share best practice and lessons.

Car clubs

Car clubs provide access to cars without the significant financial and environmental impact of ownership and maintenance. They offer the opportunity to improve air quality (through the use of lower emission vehicles), and reduced parking pressures.

We've worked with Welsh Government to explore the potential to establish car clubs in rural areas. As a result, the Welsh Government announced grant funding in March 2024 to help establish a car club in Mid Wales. The cars will be mainly electric vehicles and our intent is that this model should be replicable across Wales.





North Wales Metro

We've continued with plans to transform rail, bus and active travel services in North Wales. We collaborate with the area's six local authorities to improve travel.

This year, rail development studies include increasing capacity at Chester and working towards a direct connection between Wrexham and Liverpool. The Network North: transforming British transport report recognised the potential for improved connectivity and electrification for the North Wales Main Line.

Proposed bus networks have been developed with local authorities. We use data and evidence to develop the optimal network for passengers, improving catchment areas and frequency.

We supported development on active travel routes in Flint, Gwersyllt, Llanfairpwll, Bangor and Llandudno. At Bangor, Holyhead and Wrexham railway stations we're developing ways to better integrate rail, bus and active travel. We're developing a signage project for Eryri National Park to help with the movement of tourists.

Swansea Bay area

We're developing proposals for two new railway lines in the Swansea Bay area. This year, we've largely completed the development work for new services running into Swansea from Pembrey & Burry Port and Pontarddulais. We've developed designs for two new stations and track infrastructure at Cockett and Landore.

Working closely with the Welsh Government and local authorities, we've progressed the Swansea Bay Hydrogen Bus Project. The project is expected to bring twenty hydrogen fuel cell buses into service by the end of 2026. This will be the first use of this technology in Wales. It will help us meet Net Zero Wales commitments as hydrogen buses could potentially account for as much as 20% of the Welsh bus fleet.

Cardiff Capital region

We have worked with Rhondda Cynon Taf County Borough Council to review their preliminary scheme to address problems and opportunities in Llanharan and adjacent communities. The improved scheme provides greater and more joined up provision for walking, cycling, wheeling, bus and rail services. It will reduce the impact of transport on the environment.

We've completed an outline business case and feasibility study with early design for rapid bus transit and tram-train extension between Cardiff and Newport. This would deliver high-frequency, direct services with faster journey times and improved reliability. It would provide a viable alternative to travelling by car.

Our Metro Central programme is establishing an integrated transport hub in the centre of Cardiff for bus, rail and active travel. This will provide better access to transport connections and more sustainable travel choices.

We've been working closely with Cardiff Council on the development and delivery of the first phase of Cardiff Crossrail to link Cardiff Central and the Bay. This scheme is supported by a £50m Levelling Up Fund bid submitted by Cardiff Council and approved by the UK Government and gained match funding from the Welsh Government.



HYDROGEN

We expect to bring twenty hydrogen fuel cell buses into service by the end of 2026

South Wales Main Line

Our South Wales Main Line railway programme is funded by the Department for Transport and Welsh Government. This year, we completed the technical studies and outline business cases for five new main line stations between Cardiff Central and Severn Tunnel Junction. This also included the feasibility of proposed new cross-border rail services between Cardiff, Newport and Bristol or Cheltenham. To support this project, we held a 13 week public and stakeholder consultation on the proposals which received over 4,000 responses. The outline business case was accepted and, with Department for Transport support, the scheme will now progress to full business case.

The programme is being developed with key stakeholders on the route including Network Rail, the relevant train operators, local authorities and corporate joint committees. We undertake regional work on cross-boundary matters with the Western Gateway Sub-national Transport Body, West of England Combined Authority and Western Gateway partnership.



4,000

responses to the proposed
new cross-border
rail services between
Cardiff, Newport and
Bristol or Cheltenham



REIMAGINING ROADS

At TfW, we're looking at ways to help people reduce their car use. We're putting in place projects to decarbonise car use. We provide expertise to the Welsh Government in their development and delivery programmes and produce transport related statistics.





Burns Delivery Unit

We resource the Burns Delivery Unit which delivers the recommendations of the South East Wales Transport Commission.

The recommendations aim to provide a network of alternatives to car journeys on the M4 in South East Wales. They seek to make public transport and active travel a more attractive choice in the region. The unit is working with local authorities and stakeholders to develop the proposals and deliver public consultations. This year, designing improvements in active travel and bus access to Newport railway station has been a key focus.

Electric vehicle charging points

To provide more electric charging points across Wales, we work with private industry, utilities providers and public sector bodies. We've installed 15 rapid charging sites in rural locations and begun construction of charging points at ten stations.

Our engagement with local authorities and the private sector has significantly increased. We host monthly learning webinars to ensure they have access to latest tools, advice and industry insights. Guidance and spatial planning tools have been developed further to support and direct increased private sector funding and development.



15

rapid charging sites
in rural locations

Heads of the Valleys Road

2023/24 was year three of the four-year project to transform 17.7km of the A465 trunk road between Dowlais Top and Hirwaun to a double two-lane carriageway. We're working for the Welsh Government to monitor and certify the design, construction and maintenance of the project infrastructure.

The dualling of the A465 and the additional 13km of cycleways and footpaths on this section supports economic regeneration by improving access to key services, jobs and markets. The scheme will provide 120 apprenticeships, over 60 traineeships and more than 300 internships, providing opportunities to develop skills in the local community.

Monitoring and statistics

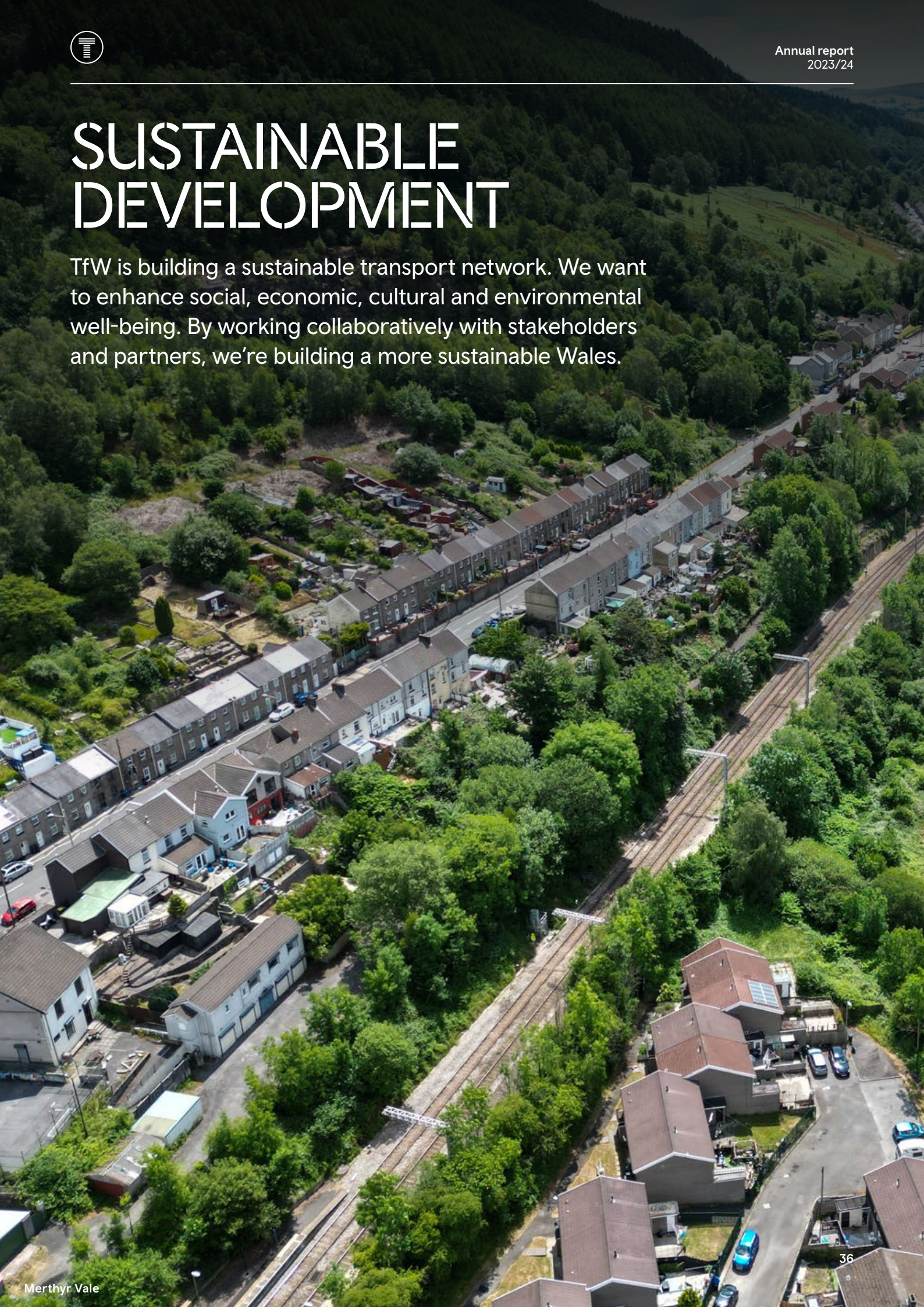
TfW produces statistics which examine the effects of the default 20mph speed limits on restricted roads. This year, we produced two reports with preliminary data on main through roads in nine areas.





SUSTAINABLE DEVELOPMENT

TfW is building a sustainable transport network. We want to enhance social, economic, cultural and environmental well-being. By working collaboratively with stakeholders and partners, we're building a more sustainable Wales.





Reducing single use plastic

We've replaced water, juice, coffee cups and crisps with plastic-free alternatives. Our successes this year include:

- Offering UHT milk in sticks, saving 300,000 to 360,000 plastic milk containers annually.
- Introducing canned water instead of bottled water on our trains and stations, saving around 125,000 bottles of water a year.
- Using a digital system to record conductor shift data, we're saving 65,000 sheets of A4 paper a year and 36,400 A4 plastic bags each year.


Green Dragon

The Green Dragon Environmental Management System is a five-level certification programme for Welsh businesses. It helps them improve their environmental performance and sustainability practices. This year, we raised 248 stations up to Level 5 from Level 3. We've retained the highest Green Dragon Level 5 certification at our Llys Cadwyn head office, three train maintenance depots and four catering centres.

Working with community partners

We work with community partners and groups across Wales. This year, we

- Completed seven sustainable impact projects.
- Finished three station greening initiatives at Tenby, Swansea and Wrexham General.
- Worked with 149 volunteers to deliver 19 projects.

 **125,000**
plastic water bottles saved annually
after changing to canned

Delivering the ambitions of the Well-being of Future Generations Act

To ensure that our responsibilities under the Act are understood by everyone at Transport for Wales, we held a lunch and learn series over the course of the year. We welcomed both internal and external speakers offering examples of how the Act is applied at TFW and at other public bodies across Wales.

We reinstated our Sustainable Development Advisory Panel, made up of experts in Wales. They have provided advice on how we can improve how we engage with the Act.





SAFETY, SECURITY AND RISK

Safety, security and risk will always be at the heart of all TfW does. We're making sure our customers, colleagues and operations are safe from crime, anti-social behaviour and harassment. To reduce and manage risks, we work collaboratively with stakeholders.





Overhead power lines campaign

Our 'No Second Chances' campaign launched in May to coincide with the first electrified lines on the Core Valley Lines. The campaign draws attention to the danger posed by overhead powerlines to people who trespass on the railway network. It aimed to discourage trespassing and antisocial behaviour – particularly among young people.

The campaign included outdoor advertising, social media influencers and a pop-up exhibition. It gained national and local press attention. There was excellent feedback from school groups who attended the exhibition.

Preliminary findings show that we engaged with a high proportion of our young audiences. Trespassing on the Core Valley Lines has substantially decreased compared with 2022. The campaign has been nominated for four awards.

Security and resilience

We've increased our body worn cameras to over 500 for the whole network. This helps keep colleagues and staff safe, acts as a deterrent to antisocial behavior and can provide evidence that we share with the British Transport Police.

We developed a new security operating model, allowing us to better deploy our resources. This ensures that we are providing a visible security presence where the greatest need is.

We ran conflict avoidance workshops with front line colleagues. We updated our policies, procedures and available tools to manage this issue. This has been done in conjunction with a refresh of our Safeguarding Policy and Procedures which will assist in helping those most at risk on our network.

Safety

At Rail Safety Week 2023, we ran a virtual reality experience. This was designed to safely expose people to potential risks on the railway. Our safety and operations teams helped better inform the public.

We held several live and table-top exercises designed to test our emergency plans and to develop best practices in dealing with major incidents. We have also worked with the Emergency Planning College to refine and enhance our documentation to ensure a robust response to major incidents.



500+

**Body worn cameras
across the whole network**





WORKING WITH COMMUNITIES, PARTNERS AND STAKEHOLDERS





We're building strong and lasting relationships with stakeholders, partners and the communities we serve. We work with the Welsh and UK Governments to provide better transport planning. With our partners, we're improving the Welsh transport network.

Engaging the communities we serve

Railway station projects

More than 50% of the rail network across Wales is supported by community rail partnerships, station friends volunteers and other community rail groups. There are now 151 station adopters covering 57 stations.

The Cambrian Railway Partnership produced a 'Window Seater' project, which shares geolocated, local-history audio stories. It connects passengers to the landscapes outside the train window and aims to inspire more greener journeys by rail. It was awarded the Tourism and Leisure Award at the Community Rail Awards in March 2024.

Wales National Travel Survey

The Wales National Travel Survey will collect data on travel attitudes and behaviour. It will inform decision making and improve the transport evidence base in Wales, enabling us to have a better understanding of people's travel needs.

This year, we appointed the National Centre for Social Research (NatCen) as our delivery partner for the new Wales National Travel Survey. We've worked with NatCen to identify suitable methods of surveying. The survey has undergone cognitive testing to ensure the results are representative.

Local authorities and Corporate Joint Committees

We work with local authorities to improve bus services, active travel links and better integrate travel modes. Local authorities provide input and support to TfW via regional stakeholder forums.

Corporate Joint Committees enable local authorities to work more closely on transport and planning issues. TfW has been supporting the development of the early stages of regional transport plan development. We engage with the Corporate Joint Committees to ensure our work aligns with the regional and national priorities.

Working closer with partners

To ensure delays and infrastructure problems on the railway can be minimised, we've been building collaborative relationships with infrastructure partners.

Over the year, we've been working with Network Rail on the Cyfuno programme. The purpose of the Cyfuno programme is to identify improvements to fulfil joint objectives. Together, we've simplified the asset protection process, saving time and money. Areas where we're working more closely include timetabling, long-term planning and communications.

With Network Rail and Amey Infrastructure, we've produced a joint 'One Railway' strategy. This strategy sets out how we'll work together to ensure trains run on time and minimise cancellations.

We signed an memorandum of understanding between TfW and Network Rail focused on working closer together for the benefit of delivering a better railway. We also launched a Local Railway West Wales with National Rail.

Working with trades unions

We engage with several trades unions to ensure we're supporting our colleagues.

In 2023/24, we worked together to:

- Include Sundays in the working week for drivers so Sundays will have the same staffing levels as Monday to Saturday.
- Introduce new timetables to provide a greater frequency of train operations on the Core Valley Lines.

Working with government

We work closely with the Welsh Government to deliver on their behalf and have developed collaborative relationships across all areas of activity. We support officials and ministers through formal remit and the cooperation between teams. We have regular engagement with the UK government to collaborate and ensure effective delivery in areas where we operate services directly on their behalf.



CULTURE, WELSH LANGUAGE AND HERITAGE



At Transport for Wales, we're Welsh first and foremost. We want the Welsh language and culture to be a central part of people's travel experience. Our work ensures that the Welsh language and culture is accessible for the communities we serve. We preserve and celebrate historical sites and environments.

Welsh language at TfW

As a public body, we align our work with Welsh Government's policy of achieving a million Welsh speakers by 2050. We want to ensure our network is fully bilingual including visual and audio announcements, customer facing systems, wayfinding and signage.

To encourage the use of Welsh, this year we:

- Supported the Eisteddfod in Boduan, talking to hundreds of attendees about fflecsi, TrawsCymru and our rail services.
- Celebrated nation-wide events such as Shwmae, Su'mae day, St David's Day and Welsh Language Rights day.
- Offered a 30-week, tutor-led Welsh course to our colleagues.
- Ran internal events with Welsh speakers such as comedian Kiri Pritchard-McLean, Welsh teacher Dr Cymraeg and author Alwyn Harding Jones.
- Sponsored Parti Ponty, a Welsh language festival in Pontypridd.

Heritage

TfW has custodianship over the historic environment, assets and infrastructure which we own. This includes developing cultural and historical understanding and awareness of the impact of transport and our industrial heritage. We work with museums and art galleries, academia and industry partners. During the year, for example, we have partnered with Cadw to provide 2-for-1 tickets to their sites with a TfW train ticket.

Above all, we're building links with local communities and groups so that they can see themselves in our heritage work. We've set up an advisory panel to guide our approach and are in the process of writing a guiding strategy. In advance of Railway 200—the year-long commemoration of the opening of the first steam passenger railway journey—we've been putting together an internal and external programme of events.



2-FOR-1
tickets to Cadw sites
with a TfW ticket



OUR COLLEAGUES AND CULTURE

Our ambition is to be one of Wales's most inclusive employers. Our current and future colleagues should expect an environment that enables them to thrive.





We offer the right well-being support, progression and learning and development opportunities. We continue to diversify our workforce and be more representative of communities across Wales.

Awards

This year, we've won a number of awards for our colleagues and culture. Some highlights were:

- Our App Support Team (all of whom are either deaf or hard of hearing) who won the Best Equality, Diversity and Inclusion Award from the Chartered Institute of Personnel and Development Wales.
- Being awarded Gold membership by The 5% Club, recognising the work we do to improve the employment and career prospects of young people.
- Being declared winners of the 'Large Employer' of the year award at the Apprenticeship Awards Cymru at the winners ceremony.

Charity work

The Welsh Air Ambulance was chosen by colleagues as our charity of the year. The charity relies entirely on the public's support to offer advanced critical care. We raised £14,000 for them by:

- Giving customers the option to donate their Delay Repay compensation to Welsh Air Ambulance.
- Donating the revenue from selling unclaimed items from lost property.
- Displaying Welsh Air Ambulance livery on one of our trains to promote the charity.
- Sponsoring colleagues across the organisation to walk and wheel 100km in May 2023.
- Organised a Saint Valentine's Day bake sale.

This year, we supported several other charities including:

- Collecting donations for the Huggard Centre which tackles homelessness.
- Colleagues taking part in the Railway Children's annual sleepout at Swansea station to raise money for vulnerable children.
- Launching a new partnership with refugee and asylum seeker charity Oasis to donate equipment and provide employment support.



£14,000
raised for The Welsh
Air Ambulance



Recruitment and skills

This year, we recruited more frontline colleagues. These included more drivers, conductors and ticket office staff. We targeted our recruitment advertising to represent the variety of jobs and diversity of people across Wales. We're always looking to encourage applications from underrepresented groups to ensure the people we recruit reflect the diversity of the communities we serve.

Pathways to employment

The Pathways to Employment Programme offers employment opportunities for people from underrepresented groups. We work in partnership with other organisations to achieve this.

Currently, we're focusing on people who have had or are at risk of contact with the criminal justice system and military veterans. This year, we expanded the scheme to include women. The Pathways programme is key to an inclusive and diverse TfW. We go into communities to engage talented and skilled individuals who might not otherwise apply for our vacancies. We support individuals to become work ready. Once at TfW, we ensure they are supported for as long as they need, building their confidence and increasing their chance of success.

Equality, diversity and inclusion

We've drafted an Anti-Racism Action Plan which will bolster Welsh Government's aims to be an anti-racist country by 2030. As part of this we introduced several initiatives including:

- James Price signing the Zero Racism Wales pledge on behalf of TfW.
- Running a workshop on understanding race, race equality and privilege.
- Launching a mandatory anti-racism module for all staff.
- Finding ways to increase the number of colleagues who report their ethnicity, allowing us to improve our data and evidence.

We're becoming a period-positive workplace. As part of this pledge, we have partnered with TOTM to supply free period products to our colleagues across the network.

We have run several awareness raising sessions on menopause in the workplace working with an external partner. This has led to the establishment of working groups and menopause guidance.

We launched a new eLearning module on British Sign Language. The module includes deaf awareness induction, the BSL alphabet and useful BSL signs.

Gender and the gender pay gap

Proportion of staff by gender

Overall, TfW employed 3801 people in April 2023. Of them, 2867 (75.4%) were men and 934 (24.6%) were women.

In April 2023, TfW Group employed 778 people. 471 (60.5%) of them were men and 307 (39.5%) were women. This represents a slight increase of two percentage points in the proportion of women employed compared with last year.

In April 2023, TfW Rail employed 3023 people. 2396 (79.3%) of them were men and 627 (20.7%) were women. This represents a slight increase of 0.7 percentage points in the proportion of women employed compared with last year.

Gender pay gap

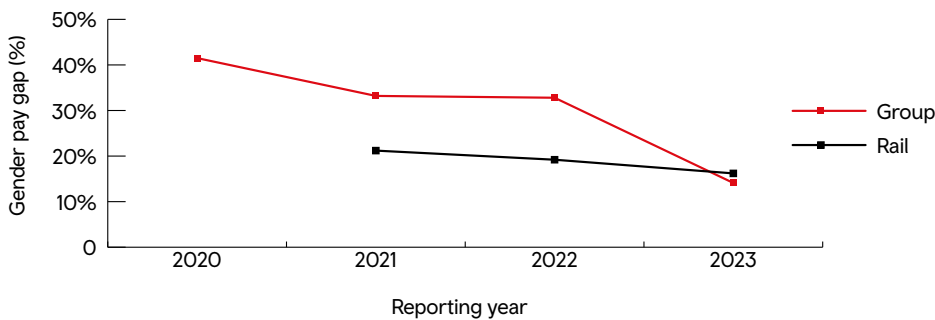
Following Government advice, TfW Group changed their annual reporting snapshot date to 5 April to align with private, voluntary and all other public authority employers. This means that the 14% figure reported in last year's report (from the snapshot date of 31 March 2023) broadly similar to the 14.1% present in this report (from a snapshot date 5 April 2023, five days later). The annual reporting snapshot date for Transport for Wales Rail Limited remains as 5 April.

TfW's Group median gender pay gap was 14.1% in April 2023. In March 2022, the gender pay gap stood at 32.8%.

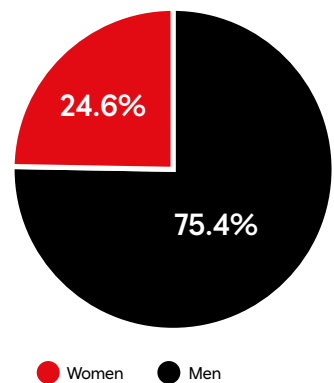
TfW Rail's median gender pay gap was 16.2% in April 2023. This has reduced from 19.2% over the past year.

We recognise more needs to be done to promote careers in rail to women, particularly in train driving and engineering roles.

Change in the median gender pay gap



Proportion of staff by gender, overall TfW, April 2023



Early talent

To encourage young people, TfW continues to provide internships, graduate placements and apprenticeships. This year, we became member of The 5% Club. This means that we've pledged to continue investing in apprenticeships, graduate schemes and sponsored placements. We want 5% of our colleagues to be in one of these schemes by 2028.

Learning and development

Learning and development are key to our organisational success. It drives the behaviours, competencies and capabilities that our colleagues and organisation need to be successful.

To develop leadership skills, we ran leadership programmes such as Leading with Confidence, Leading with Empowerment and Leading with Influence. These included one-to-one team coaching sessions, allowing colleagues insight into their strengths and weaknesses.

Supporting our colleagues

In August, we opened a new office in Wrexham. We installed three meeting rooms, a comms room, a new disabled toilet with a shower and an external cycle shelter. The project was delivered on schedule and under budget.

The well-being of our colleagues

At TfW, the health and well-being of our colleagues is a priority. We want our colleagues to feel safe and well working for us.

As part of our well-being programme, we ran several activities throughout the year including stress and mental health awareness. In collaboration with Network Rail, we've trained more mental health first aiders.





RISK

Transport for Wales recognises the importance of risk management and has been evolving our Enterprise Risk Management process and culture for several years. As TfW becomes responsible for multiple modes of travel, it is crucial that our risk management process is equipped to deal with emerging risks. We also need to be able to capitalise on opportunities.

Our strength comes from strategic planning and deployment. Annually, we develop and deploy a risk strategy. We learn from previous years, benchmarking against transport operators and other industries and listening to feedback from our own teams and stakeholders.

This year we have brought in several improvements. We've brought the risk management for the Core Valley Lines in house. This will ensure risks, issues and opportunities are properly defined, our risk appetite is embedded throughout TfW, proper governance is in place and we have effective management through the three lines of defence.

The Chief Risk Officer governance meetings have been reviewed and updated to:

- Embed TfW's assurance function into the risk management process. Integrating risk and assurance will further strengthen TfW's risk management arrangements, testing and checking and feeding back on mitigations.
- Reviewing all corporate-level principal risks from each business area to ensure they are updated, actions to mitigate are in place and scoring reflects the risk appetites and reporting.
- Putting in place a check on the quality of local risk management to identify early any need to support, effectiveness and horizon scanning.

Our education programme provided risk management training to over 600 TfW colleagues who have risk responsibilities.

Our principal risks and issues (those which have a higher probability of happening and potentially a significant impact on strategy, reputation, operations or finance) in the main, like most organisations, have remained static. Specifically, these risks are the continued challenge with funding, risks to finance, efficiency, environment and climate change and the success of major projects and our core operations.

In addition, this year we have seen the most pressing risks escalated to the Executive Leadership Team, Board and Audit and Risk Committee for awareness and to gain support for our response. The following are some examples of Principal Risks that have since been escalated and later deescalated following effective mitigation:

- Short term or rolling power outage associated with winter climate and energy resilience.
- Recruitment of people with key skills and capability in core teams to support delivery of TfW's activities and ambitions.
- Security risks associated with the CVL, major projects, depots and storage locations.
- Risk of industrial action causing indirect disruption to TfW services because of lack of National Rail signallers and other operators' reduced operations increasing passenger use of TfW services.

Looking forward

Looking ahead, we'll strive to maintain our risk approach and continuously improve. We are developing strategic and logical Key Risk Indicators (KRIs). These will build on our previous KRIs which have helped us in more effectively understanding our risk profile. This was predominantly through our system reporting high, medium and low risks and the status and interplay between them. Example of some KRIs we are developing are further include:

- Tracking the percentage of opportunities to save money and increase funding compared with risks and issues.
- Probability impact. By exploring and understanding probabilities we can further analyse, prioritise and avoid risks from negatively impacting our business. By focusing on probability we aim to be more efficient in reducing the potential realisation of risks, rather than trying to dampen their impact.

In 2020, we did a deep dive into the National Risk Register to understand the potential impacts to TfW and where we could be called upon by the UK government to provide mitigation or remediation. In 2023, the National Risk Register was updated. As a result we are working, through the TfW's Risk and Business Resilience teams, to again test ourselves against these. The new register highlights the risks for post coronavirus pandemic UK and those from the National Security Risk Assessment, recognising the actual and potential impact of wars and terrorism.





Principal risks

This table sets out the Principal Risks that could affect TfW in this year as determined by our Chief Risk Officer, overseen by the Audit and Risk Committee and considered and approved by the Board. The content of the table is not intended to be an exhaustive list of the risks and uncertainties that may arise.

1. Failure of the infrastructure management partner to operate	2. Failure of Transport for Wales Rail Limited to operate
Risk description	Risk description
Failure of the infrastructure management partner to meet its authorisation to act as the CVL Infrastructure Manager as agreed by the Office of Rail and Road (ORR) resulting in the loss of ability to manage and maintain the CVL Infrastructure.	Failure of Transport for Wales Rail Limited to meet its authorisation to act as Train Operator as agreed by the ORR resulting in the loss of ability to operate services leading to a delay or disruption of transformation programme.
Mitigation actions	Mitigation actions
<ul style="list-style-type: none"> • Senior level governance and key performance monitoring. • Regular monitoring of supply chain health to understand supplier health. • Audits, inspections and assurance reviews. • ORR feedback and engagement. • Infrastructure of last resort process as part of the business continuity plan. 	<ul style="list-style-type: none"> • Senior level governance and key performance monitoring. • Integrated programmes, processes and systems. • Audits, inspections and assurance reviews. • ORR feedback and engagement. • Board governance and business continuity plans.
Progress	Progress
<ul style="list-style-type: none"> • Clear governance and performance management in place and in use. • Procurement key supplier management. • TfW audit and assurance programmes linked to governance. • Regular interactions with ORR. • Business continuity management. 	<ul style="list-style-type: none"> • Clear governance and performance management in place and in use. • TfW audit and assurance programmes linked to governance. • Regular interactions with ORR. • Business continuity management.
Speed of potential impact	Speed of potential impact
Less than six months.	Less than six months.



3. Delivery of the Core Valley Lines transformation

Risk description

Risk that the CVL transformation programme is not delivered to time and budget and that the system is not properly integrated.

Mitigation actions

- Robust programme and project management and management controls.
- Regular programme reviews Implementing improved governance and scrutiny.
- In-house risk management.
- Increase in TfW skills and capability integration.

Progress

- Regular programme reviews and re-baselining has been undertaken.
- Maintenance and priority focus on ERDF milestones.
- Board sub-committee in place to monitor and support major projects.

Speed of potential impact

Less than three months.

4. Extreme weather events

Risk description

Continued risk of major disruption to the network caused by extreme weather events such as flooding, heavy snowfall, sustained high temperatures and storm force winds.

Mitigation actions

- Joint seasonal disruption programmes and strategies.
- Monitor weather warnings and forecasting.
- Vegetation management and assessment of dead, dying and diseased trees.
- Review of flood sites and remediation programmes.
- Allowing season rail tickets to be used on other nearby lines and maintaining agreements with bus operators.
- Climate change risk assessments and adaptation plan.

Progress

- Seasonal change and preparation meetings in place with Train Operations and Infrastructure Managers.
- Rail replacement services have been contracted.
- Development of the TfW climate resilience and adaptation plan.

Speed of potential impact

Less than three months.



5. Bus franchising programme

Risk description

Risk of TfW not achieving bus franchising and the wider bus policy aspirations and outcomes in Wales as a result of:

- If the legislation to enable change of franchising model is not made law.
- Insufficient funding to enable change and meet expected service delivery.
- Lack of resources and capability to deliver programme.

Mitigation actions

- Joint TfW and Welsh Government governance.
- Roadmap strategy for stakeholder engagement.
- Recruitment and organisational design.

Progress

- Roadmap document published and being used to engage stakeholders.
- Governance in place and in use with escalation process for decisions.
- Several SME workstreams in place developing specific plans.

Speed of potential impact

Less than six months.



SECTION 172 STATEMENT

Direct statement

Over the course of the year, our Board of Directors have acted to promote the success of TfW for the benefit of its owner, the Welsh Government, while also having regard to (among other matters) the factors set out in section 172(1)(a) to (f) of the Companies Act 2006.

These matters take a central role in decision making at Board level and throughout the company. We've integrated our reporting across this annual report to make it clear how we've had regard to the long-term consequences of our decisions. Particularly, we have regard to our responsibilities under the Well-being of Future Generations (Wales) Act 2015 (see below), the interests of employees, customers and suppliers, the environment, our communities and the Welsh Government. This decision making is always underpinned by our desire to maintain high standards of conduct.

Although not every decision we make will result in a positive outcome for all, our directors' regard for these matters helps us to ensure decision making processes are robust, trusted by all our stakeholders, fair and consistent.

Our approach

To ensure we fulfil our obligations to those impacted by our work, our Board provides leadership, challenge and involvement in stakeholder engagement. The Board's leadership sets a clear tone and example to follow for the rest of the company, which is reflected in our team's day to day work with our stakeholders.

Our Board have taken a proactive approach with our stakeholders by engaging with a wide range of representative groups to make sure we know how our decisions affect them. We've also set up structures to ensure their voices heard and to help us create customer focused services through a safe transport network.

We've made our decisions within the confines of our delegated authority from the Welsh Government and our remit, and many of our key strategic decisions over the year have also been through the Welsh Government and Welsh Ministers' decision-making processes.



In practice

Welsh Ministers and Welsh Government

How we engage:

The Welsh Ministers and Welsh Government are TfW's owner, and we are in regular discussion with them about key plans, proposals and approvals.

The monthly Welsh Government Steering Board facilitates strategic discussions about TfW's future remit and direction. It provides important scrutiny and oversight.

We also take important performance data and information, particularly around the delivery of our Business Plan, to the Welsh Government's quarterly Performance Board to provide assurance to the Welsh Government on TfW's delivery and performance.

Board involvement:

The TfW Board Chair, Chief Executive and Chief Finance, Governance and Corporate Services Officer attend the Welsh Government Steering Board.

Our Board receive an update at each meeting outlining discussions and decisions made at Steering Board.

The Chief Executive also provides a monthly update on TfW's activities to the Board and then the Steering Board which includes details of Welsh Government decisions and actions. A Welsh Government representative attends the Board.

The TfW's Chair meets quarterly with the Cabinet Secretary for North Wales and Transport to discuss matters relating to public transport and active travel in the context of TfW's remit.

Our customers

How we engage:

We're committed to ensuring that the interests of our customers are a core part of our decision-making processes.

We regularly invite feedback from our customer and advisory groups which helps improve our customer experience. Customers can contact us by phone, letter and online to register complaints and provide us with highly valuable feedback.

On our website, we provide as much information as possible about our services and any changes, especially any planned and unplanned disruption. We ensure information is available about how to book accessible travel assistance.

Board involvement:

Our Board makes sure customer interests are central to its decision-making, and its Customer and Communication Committee provides leadership and challenge on customer issues. It also receives regular customer satisfaction and service quality information.

Every Board and Board Sub-Committee meeting begins with a 'safety and customer moment' where topics of interest are raised, discussed and learnt from.



Our employees

How we engage:

We recognise that our colleagues are one of the most important drivers of success. They're regularly invited to provide feedback, suggestions and concerns during our 'All Company Exchanges' and our internal Viva Engage network.

Last year we launched our Colleague Communications and Engagement Charter. It helps our colleagues at all levels understand our expectations in relation to how we communicate and engage with each other – in line with our corporate values. We have a Core Brief: a roundup of what's happening across the organisation that's relevant or important to colleagues. These initiatives help to make sure our internal communications support TfW's vision and values and are efficient and sustainable.

Board involvement:

Board meetings are attended by a trades unions observer to help nurture a trusting industrial relationship with our employees.

Our Board also receive and provide challenge on regular updates from our Executive team and the People Committee on important matters which affect our people, monitor company culture and the performance of our people strategy

The communities we serve

How we engage:

Our services and work can have effects on communities across Wales and the Borders. Through our Community Rail and Stakeholder and Community Engagement teams, we are working hard to build links with, identify and promote the needs of those communities through local projects and drop-in events ahead of major infrastructure work.

We can't always prevent disruption and negative impacts on the communities we serve but our teams provide feedback within TfW on their behalf to inform our decision making and minimise disruption wherever possible.

Our quarterly Advisory Panel continues to bring together representatives from customer groups, government, industry, and people from marginalised backgrounds and identities to provide feedback, scrutiny, and advice to TfW. Their engagement and advice span a diverse range of topics and provide steer in our decision-making process.

Over the reporting period, we've also changed the way we engage with other stakeholders. We've introduced a quarterly All-Wales and Borders stakeholder forum which breaks out into four regional forums covering North Wales, Wales and the Borders, South East Wales, and Mid and West Wales. Every forum is an opportunity for representatives from a wide range of groups impacted by our work, to become informed about and provide feedback on many public transport issues, ranging from rail timetabling to upcoming consultations and awareness campaigns.

Board involvement:

Our Board are aware of the importance of understanding and taking into account the needs of our communities. They receive monthly updates through our Chair and Chief Executive, which details our engagement with communities and highlights potential areas of impact caused by our works programme and service changes.

Our Board Chair and Chief Executive attend our advisory panel meetings, ensuring they receive direct feedback from members. A representative for local authorities attends the Board.

Our Chief Executive attends our All-Wales and Borders Stakeholder Forums to receive feedback and engage in dialogue with attendees, which include local authorities, education bodies, regional transport authority partners, transport watchdogs, business and tourism partners.



Our suppliers

How we engage:

Our long-term plans and the services we provide mean our supplier partnerships are critical to everything we do. We've continued working to improve our supply chain, which has required close engagement with our suppliers.

We serve as a member of the Craidd Alliance in partnership with Balfour Beatty, Siemens Mobility, Alun Griffiths Contractors Ltd and Amey Infrastructure Wales. The alliance has previously been recognised for its approach to sharing resources, experience, and skills to benefit its suppliers, customers, and partners.

Board involvement:

The TfW Board have regular opportunities to provide challenge and feedback on supply chain matters through escalated reports from our Executive Leadership Team and consideration of our risk register.

Our Board's Audit and Risk Committee also has regular updates, and the opportunity to challenge, from the procurement function.

Sustainable decision making

Our Board is aware that many [decisions it makes or has delegated will have an impact on future generations](#) in the long term, including for the communities we serve, environment, economy and the health of those we serve. Our Board is clear that all decisions must be made according to the Well-being of Future Generations (Wales) Act 2015 national well-being goals, five ways of working towards the sustainable development principles, and the Welsh Socio-economic Duty.

Board and Executive proposals require early and evidenced consideration of any consequences arising from decisions, particularly in the long-term. This challenges us to make changes to resolve or mitigate any negative impacts at an early stage and make better decisions.

Our Board is concerned about the contribution we all make to climate change, biodiversity, and other environmental challenges. They are committed to reducing our impact and providing leadership and challenge on [our decarbonisation and modal travel shift efforts](#).

Moving forward

In the coming year, our Board is committed to further developing our existing work to enhance the way they make decisions and have due regard for the matters under Section 172(1)(a) to (f) of the Companies Act 2006.

James Price

Chief Executive and Accounting Officer

This annual report was approved by the Board of Directors on 26 June 2024. Each of the directors who was in post at the date of the approval of this annual report confirms that to the best of his or her knowledge the annual report, taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess TfW's position and performance, business model and strategy.



OUR BOARD

Our Board represents the independent and diverse perspectives of our customers and stakeholders.

They each play an active and valued role in the delivery of our strategic objectives and are collectively responsible for ensuring that we continue to drive forward the Welsh Government's vision of a high quality, safe, integrated, affordable and accessible transport network of which the people of Wales can be proud.

Non-Executive Directors

- **Scott Waddington**
Chair
- **Sarah Howells**
Chair, Communications and Customer Committee
- **Alison Noon-Jones**
Chair, People and Remuneration Committees
- **Nicola Kemmery**
Chair, Health, Safety and Well-being Committee
- **Alun Bowen**
Chair, Audit and Risk Committee
- **Vernon Everitt**
Chair, Major Projects Committee

Executive Directors

- **James Price**
Chief Executive
- **Heather Clash**
Executive Director of Finance and Governance

Board committees

We have six sub-committees. Each committee is chaired by an independent Board member. They include:

- Audit and Risk
- Communications and Customer
- People
- Remuneration
- Health, Safety and Well-being
- Major Projects
- T-Network



Scott Waddington

Chair

Originally from Swansea and a graduate of Reading University, Scott has held a variety of senior roles in the hospitality sector, mainly in drinks marketing and pub retail.

For 17 years, he was the Chief Executive of privately owned Welsh brewer and pub company SA Brain & Co, where he led a comprehensive review of corporate strategy, repositioning the Brains brand, investing heavily in expanding the pub estate and the acquisition, development and sale of the Coffee#1 chain. He also took responsibility for overseeing the creation of a joint venture to redevelop the Old Brewery site in Central Quay.

Scott was Chair of CBI Wales in 2010 and 2011. He was Wales Commissioner to the UK Commission for Employment and Skills for five years from April 2012 and chaired the Wales Employment and Skills Board.

He is currently a Board governor of Cardiff Metropolitan University.



Sarah Howells

Non-Executive Director

Raised in Bridgend, Sarah is Chief Customer Officer of Jurassic Fibre Limited the leading internet service provider serving the South West of England.

She is responsible for leading the marketing, sales, installation and customer operations divisions as they roll out full fibre internet to local communities.

Sarah has over 20 years' experience in customer service across a range of industries. She's held several senior roles at large, well-known organisations in the UK and New Zealand, including Virgin Media, Vodafone, Les Mills Clothing and Merchandising and 2 Degrees Mobile. She also led a team of over 1,000 people to deliver service support when she was the customer service head for Tesco.

Sarah has a strong track record in developing people, enhancing digital capability and delivering transformational change.



Alison Noon-Jones

Non-Executive Director

Alison Noon-Jones has over 35 years' HR experience, 25 years at national and international board level within a range of blue-chip high profile organisations including Invacare Corporation, General Motors Acceptance Corporation and Airbus Defence and Security.

She's worked all over Europe and also in the Middle East. Alison is currently the Vice President, People and Culture for Leidos UK and Europe. She's responsible for leading a team of 32 HR professionals, providing HR services to support the \$500m business which includes 1,400 employees and contractors located in 11 sites across UK and Europe.

Alison joined Leidos in 2016 and prior to taking this role, she was HR Director for the Logistics Commodities Service Transformation programme, an £8bn defence logistics programme for the Ministry of Defence. Alison has spent a large amount of her career in transformation and large-scale strategic HR change programmes and thrives on nurturing teams to optimum performance and delivery. She's collaborative and builds strong partnerships across programmes and businesses.

Alison has a degree in modern languages from Swansea University, is a Fellow of the CIPD and is a qualified executive coach and mentor.



Nicola Kemmery

Non-Executive Director

With extensive health and safety and senior managerial experience, Nicola is the Health and Safety Director at Dŵr Cymru Welsh Water, where she has worked since 2010.

Having spent most of her career in the water industry, Nicola is responsible for developing and leading Dŵr Cymru's health, safety and well-being improvement strategy. Reporting to the Chief Executive, she provides direction and leadership as part of the executive management team. She also leads a team of health and safety professionals managing a range of advisory and governance functions supporting over 3,500 employees and their contract partners.

A chartered health and safety professional, Nicola started her working life in Yorkshire and was previously the Health and Safety Manager for the privately owned Kelda Group (Yorkshire Water Services) for 14 years. She devised and implemented the Group's health and safety management systems and improvement plans.

Nicola has been a member of the Institution of Occupational Safety and Health for 29 years, including six years as an elected Council Member. She has also been an active member of the Water UK Occupational Health and Safety Group for the last 23 years.



Alun Bowen

Non-Executive Director

A natural sciences graduate of Trinity College, Cambridge, Alun worked for KPMG for 37 years, holding a range of roles across the world including in Cardiff, London, Hong Kong, Sydney and Kazakhstan.

Originally from Llandeilo, Alun was lead business planning advisor on the National Botanic Garden of Wales and Wales Millennium Centre. He was the global head of KPMG's sustainable services practice before taking on responsibility for 600 people in the Central Asia division of the business.

Former chair of Business in the Community in Wales, Alun was a member of the Audit Committee of the Institute of Chartered Accountants in England and Wales and a council member of The Prince's Trust Cymru. He is currently chair of the Audit Committee of KAZ Minerals Limited. Alun is also the Chair of Pullman Rail Limited.



Vernon Everitt

Non-Executive Director

With over 40 years' experience across the finance, transport and technology sectors, Vernon is the Transport Commissioner for Greater Manchester. He oversees for the Mayor and Greater Manchester Combined Authority delivery of an integrated, multimodal public transport network for the region – the Bee Network – to enable greater productivity and economic growth and access to homes, jobs and education.

From 2007 to January 2022 Vernon was Managing Director for Customers, Communication and Technology at Transport for London. Vernon's focus was on putting customers at the heart of transport strategy and operations, including how integration of services, fares and ticketing, technology and data can deliver better journeys. He led the successful pan-Government and transport industry marketing and communications strategy for the London 2012 Olympic Games.

Vernon has also worked at senior level at the Financial Services Authority and the Bank of England in a variety of banking, regulatory, corporate and communications roles. He is a senior advisor to the consultancy Teneo. He joined TfW as a Non-Executive Director in September 2019.



James Price

Chief Executive Officer

Former Deputy Permanent Secretary at the Welsh Government, James was appointed as TfW's Chief Executive Officer in January 2018 after acting as Chair during the start-up phase.

James originally started his career in civil engineering contracting. A professional economist, he has worked across the UK with the Welsh Government, UK Government and with government-owned agencies in Wales and England.

Until the end of 2017 he was also the Additional Accounting Officer for Economy, Transport, Skills and Natural Resources, leading a team of around 2,500 civil servants.

James has had responsibility for infrastructure delivery for the Welsh Government since 2007, firstly as Director of Transport and then as director general and Deputy Permanent Secretary. He is now responsible for the day-to-day operations of TfW and the proper stewardship of public funds. James is also the Chair of Transport for Wales Rail Ltd and a Director of Pullman Rail Ltd.



Heather Clash

Chief Finance, Governance and Corporate Services Officer

Having lived, studied and worked in Wales for over 30 years, Heather joined TfW in July 2018. An experienced accounting professional who studied at Cardiff University, she has worked in finance for all her career.

Heather specialises in the financial management and control of portfolios of outsourced contracts and corporate functions within large corporate organisations. Before joining TfW, she held the role of Finance Director in a variety of large organisations including the IT Services Division of Capita Group Plc and UK Sales and Marketing for Compass Group UK and Ireland.

Heather sits on the senior leadership team at TfW and is responsible for financial strategy and planning, analysing the organisation's performance and risk, overseeing its governance and finance function, as well as all audit and internal financial controls. Heather is also a director of Transport for Wales Rail Limited and Transport for Wales Fibre Limited.

BOARD COMMITTEES AND REPORTS FROM THEIR CHAIRS

Audit and Risk Committee

Chair – Alun Bowen

The Audit and Risk Committee provides oversight over TfW's risk management and internal control system, financial and non-financial reporting, and the Welsh language within and outside of TfW.



Highlights of 2023/24

The Audit and Risk Committee published its first Audit and Assurance Policy for the three years ending 31 March 2025 in September 2022. The Audit and Assurance Policy covers most of the work carried out by the committee. Last year, the Audit and Risk Committee issued its first Annual Implementation Report which sets out changes that have been made to the Audit and Assurance Policy and how the assurance activity set out in the Audit and Assurance Policy is working in practice. The second Annual Implementation Report for the year ended 31 March 2024 is [available here](#). In December 2023, The UK Government decided not to make publishing an Audit and Assurance Policy a legislative requirement, however, the Audit and Risk Committee believes that it, the Board, and stakeholders derive value from consulting and publishing an Audit and Assurance Policy and ensuring stakeholders are kept informed of progress through the annual implementation reports, in keeping with TfW's commitment to transparency in all its activities. Accordingly, later in the year the Audit and Risk Committee will issue,

for consultation, a draft Audit and Assurance Policy for the three years ending 31 March 2028.

The Annual Implementation Report also provides some detail of the highlights of 2023/24. These include:

- the progress being made on enhancing internal controls over financial and non-financial reporting
- issuing a counter fraud policy, related training and the monitoring and mitigation of fraud risk
- the outcome of an independent External Quality Assessment of the internal audit function
- the committee's commentary on how it believes the assurance activity within TfW is working in practice.



A major responsibility of the committee is to ensure that TfW's financial and non-financial information and the contents of this annual report are fair, balanced, and understandable. The committee challenges the assumptions and estimates made by management in preparing the financial statements and in preparing the non-financial information included in this report. As in previous years, the most material matter in the financial statements is the valuation of TfW's infrastructure assets.

I am pleased to report that TfW continues to progress well in its ambitions for ensuring that it is as easy to engage with all aspects of TfW's work in Welsh as in English.

2024/25 priorities

The Audit and Risk Committee is committed in the next twelve months to ensuring that the following aspects of the matters on which it has oversight are satisfactorily completed or progressed:

- Continue the progress in enhancing the internal controls over financial and non-financial reporting, with a view to finalising the work and ensuring it is fully embedded during 2025.
- Ensure that all the recommendations of independent External Quality Assessment of the internal audit function are implemented and that the internal audit function complies with the newly issued International Internal Audit standards.
- Publish an Audit and Assurance Policy for the three years ending 31 March 2028.

Customer and Communications Committee

Chair – Sarah Howells

The Customer and Communications Committee oversees TfW's customer strategy and delivery plans. The committee reviews non-financial operational performance metrics (such as punctuality) along with customer and stakeholder feedback. The committee ensures our customers are placed at the heart of everything we do and that there is a clear plan in place to achieve the service delivery and transformation that our customers expect.



Highlights of 2023/24

- This year, the committee reviewed its role to ensure alignment to remit and the revised TfW organisational structure.
- Monitored the performance and delivery for passengers across Wales and the borders along with scrutiny of complaints and delay repay performance.
- Reviewed the delivery of the customer contact transformation programme, which aims to provide support and to our customers across Wales and the borders.
- Reviewed the ongoing digital transformation programme for passengers.
- Reviewed the ongoing rail replacement services along with major event planning enhancements.
- Reviewed the ongoing marketing, multimodal travel transformation plans along with the development of ticketing strategies to support access to sustainable travel for all travellers.

Priorities for 2024/25

- Ongoing scrutiny of operational performance and improvement plans.
- Monitor improvements in customer support, ensuring technology continually evolves and that processes and performance is improved to deliver the outcomes expected by customers.
- Ongoing review of station and Metro transformation programme and performance.
- Continuation of multimodal travel behaviour change campaigns.

Health, Safety, Well-being and Sustainability

Chair – Nicola Kemmery

This Committee provides assurance to the Board that its interests and accountabilities for health, safety, well-being, sustainability, climate adaptation, resilience security and business continuity are appropriately managed. It ensures robust measures are in place in relation to the activities of the company as they affect the general public (including customers), direct and indirect employees, contractors and suppliers. It reviews a range of key performance indicators making recommendations, creating challenge, and reinforcing positive activities to promote continuous improvement and the sharing of best practice across the company's interests.



Highlights of 2023/24

- The committee reviewed its role, remit and membership during the year to ensure that it was effectively engaging with all aspects of TfW activities. There was an enhanced emphasis on thinking about multimodal travel.
- They reviewed the business plans to ensure that suitable arrangements were in place to manage risks, set challenging targets and make improvements.
- There was a focus on preventing injuries and incidents along with trespass, thefts and anti-social behaviors and ensuring a safe travel experience for customers and employees.
- The members drove continual improvement in health, safety, well-being and sustainability risk management. Ensuring that key learning points from audits and incidents were identified and suitable actions taken.
- They scrutinised the plans to ensure security and resilience, including business continuity plans and emergency preparedness.
- They also encouraged partnership working with a range of external organisations including British Transport Police, Network Rail, the Rail Safety Standards Board and the Office of Rail Regulation to drive improvements.
- The committee monitored the effective implementation of a range of initiatives including:
 - Leadership tours and safety step up events to ensure senior management are actively engaging with staff and contractors across the business.
 - Developing and delivering a public awareness campaign of the risks of overhead electric railway lines.
 - Ensuring suitable arrangements were in place for the safe introduction of new rail fleet.
 - The activities of the Craidd Alliance, working with contractors to set standards and share learning, particularly those working on Core Valley Lines and infrastructure improvements.
 - Maintaining the focus on occupational health, hygiene and well-being and supporting Welsh Government wellbeing aspirations.
 - Plans to deliver sustainable development, the energy strategy, responding to the challenges of climate adaptation and implementing resilience risk assessments.



Priorities for 2024/25

- Continue to monitor performance across all TfW activities, ensuring that we're effectively identifying and managing risks, developing improvements and undertaking appropriate assurance activities.
- Promote visible health and safety leadership, including senior leader safety tours, staff health and safety briefings and engagement activities.
- Monitor the safe operation, construction and maintenance of assets to ensure that risks of injury, ill health and environmental impacts are effectively addressed.
- Foster a culture of continuous improvement, ensuring that teams identify opportunities to share learning and manage risks. We will also focus on the longer term including the impacts of climate change.
- Ensure the business has effective processes in place to manage health, safety, well-being and sustainability as the organisation implements new technologies and takes on additional functions and responsibilities.

The Major Projects Committee

Chair – Vernon Everitt

The Major Projects Committee ensures a rigorous focus by the executive on major project safety, delivery, controls and risk management. The committee also monitors the pipeline of potential new projects. The committee takes regular reports on project delivery on behalf of TfW's Board. It monitors and challenges risk mitigation and the control environment put in place by the executive.



Highlights of 2023/24

- Focused on effective project design and delivery, with the safety of the public and staff always remaining the top priority. The Core Valley Lines upgrade and delivery of Welsh Government's move towards bus franchising have been standing items on the agenda.
- Monitored progress on the Core Valley Lines upgrade, bus service transformation, rail rolling stock delivery, Metro scheme development in North and South Wales, Cardiff Bus Interchange, Cardiff Central Station upgrade and infrastructure renewals.
- Reviewed summary reports from the Project Management Office on the status of projects progressing through TfW's Plan of Work Lifecycle and tracked the maturity of the Project Management Office itself as a key mechanism for the effective management of major projects.

Priorities for 2024/25

- Safe design and delivery of major projects.
- Monitoring the effective delivery of the Core Valley Lines upgrade.
- Continuing focus on rolling stock delivery as an enabler of improving rail service performance.
- Deepening the scrutiny of bus transformation as plans for franchising take further shape.
- Monitoring the maturity of TfW's approach to managing major projects, including further examination of the effectiveness of the Project Management Office.

T-Network subcommittee

Towards the end of the year, the Board created a new 'T-Network' subcommittee chaired by Vernon Everitt. The purpose of the subcommittee is to guide TfW's development in response to Welsh Government's remit to establish an integrated transport system (One Network, One Timetable, One Ticket) and to create 'one team' to deliver it. The committee will ensure that the right programme and ways of working are in place to deliver better transport for the people and businesses of Wales and that it supports our Net Zero Wales transport obligations and modal shift targets as set out in Llwybr Newydd: The Wales transport strategy 2021. The work of this sub-committee will be covered in next year's annual report.

People and Remuneration Committee

Chair – Alison Noon-Jones

The People Committee assist the Board to review the TfW People Strategy. It ensures that the Board and Executive Leadership Team retain an appropriate structure, size and balance. It reviews the annual development plans of leadership teams. The committee monitors key metrics and dashboards to support assessment of current performance and future goals of TfW. This includes oversight of the diversity and inclusion programme.



The TfW People Committee continued to mature in impact and added value during 2023/24. Focus areas and projects ranged from honing operational metrics and key performance indicators, to high-profile decisions around workwear for station personnel.

The Remuneration Committee review and recommend remuneration policy that attracts and retains TfW Executives and Senior leadership. It sets Executive total reward principles that motivate our senior personnel to deliver TfW's objectives.

The development of an impressive 5-year people plan is the bedrock of the future commitment to our employees and customers. The transformation is exciting; the opportunity for growth is significant.

TfW continues to create an environment that encourages people from all backgrounds to flourish. We demonstrate this through our shared values, behaviours and the work we do. We celebrate diversity and inclusion as an employer and encourage our employees to invest in activities that put these values at the heart of our organisation.

Achieving a strong gender balance remained a priority for TfW and we continue to invest in female talent at all levels through both internal development and promotion as well as external appointments where we need to bring in new expertise. The appointment of Mandy Garrett, IT and Digital Strategy Director, is an excellent example of this commitment and recognition of the benefits of collaborative leadership.

Personal development, fulfilment and career progression play a key part in an individual's commitment to stay with the company. Our regular employee engagement and pulse surveys encourage feedback on these core elements of an employee's journey with TfW.

The People Committee continues to celebrate the extraordinary talent that we have within TfW. The Transport Sector and professional bodies such as the Chartered Institute for Personnel & Development (CIPD) are also recognising the great work of our people, having been shortlisted for and awarded numerous credits and prestigious accolades during 2023/24 including Best Equality, Diversity, and Inclusion Award (CIPD). Our continued focus on early careers achieved further recognition at the Welsh Government Apprenticeship Awards.



People leadership is key to creating a culture of growth and engagement and this underpinned the focus of the People Committee during 2023/24. Representation on Boards and committees included noteworthy recognition for Chief Customer and Culture Officer, Marie Daly who, as Chair of Women in Rail led inspirational sessions and shaped the inclusion and diversity agenda to impressive levels within TfW during the year.

Highlights of 2023/24

- Appointment of social enterprise, Elite Clothing Solutions to evolve uniform garments, enhance sustainable practices within our supply chain and support EDI commitments through addressing of menopause requirements.
- Community engagement through partnership with refugee and asylum seeker charity, Oasis.
- Launched an anti-racism plan aligned with the Welsh Government's objective of an anti-racist Wales by 2030.
- Shortlisted for Wales's Large Employer of the Year.

As Chair of the People Committee, I reflect with pride on our achievements of the last 12 months. I am personally both inspired and excited for the future and the opportunity to continue creating pathways for our people to flourish in their chosen careers within active travel.

Priorities for 2024/25

- Sponsor continuous cultural development.
- Excite employee participation and engagement through supportive transformation processes.
- Encourage personal growth through enhanced career pathways and internal opportunities.
- Maintain our current community partnerships and continue to strengthen our social value commitments.
- Embrace new technologies including artificial intelligence to enhance data agility and analysis.



CORPORATE GOVERNANCE STATEMENT

As TfW's Chief Executive and Accounting Officer, I'm personally responsible for the overall management and governance of the TfW group of companies including its four subsidiaries (TfW Rail, TfW Innovation Services, TfW Fibre and Pullman Rail).

As Accounting Officer, I'm accountable to the TfW Board and the Welsh Government's Permanent Secretary. This Governance Statement outlines how I've discharged my responsibility to manage and control TfW's resources this year.

TfW is committed to the highest standards of governance, accountability and transparency. These values are vitally important to the success of all aspects of the TfW group.

TfW is governed by:

- The Cabinet Minister for North Wales and Transport who has overall responsibility for the company.
- The Welsh Government Permanent Secretary's responsibility (to the Cabinet Minister for North Wales and Transport and directly to Senedd Cymru) as the Principal Accounting Officer for the TfW's expenditure and management.
- My responsibility as TfW's Accounting Officer.
- TfW's Board which, supported by its sub-committees, has collective responsibility for overseeing the work of the company and providing oversight, scrutiny and assurance to ensure that TfW is achieving its aims and objectives with an appropriate level of internal control.
- TfW's subsidiary company boards: Transport for Wales Rail, Transport for Wales Innovation Services, TfW Fibre, and Pullman Rail Ltd.

TfW's system of governance also includes the Executive Leadership Team.

Our governance framework is underpinned by our Articles of Association and a Management Agreement between TfW and the Welsh Ministers. For TfW, good corporate governance is about ensuring that the TfW group of companies are aligned with the Welsh Ministers' objectives as set out in these two documents, our Corporate Governance Framework, Welsh Government's Managing Welsh Public Money and our schedule of delegations. As TfW is not a listed company, we do not have to comply with the Corporate Governance Code. However, the Board has determined that the company will voluntarily comply with the Wates Corporate Governance Principles.



The TfW Board

TfW's Board oversees all our activities providing leadership and strategic vision. It ensures that high standards of corporate governance and ways of working are maintained. It operates collectively, with a focus on:

- Ensuring effective arrangements are in place to provide oversight and governance.
- Strategic and significant issues affecting the operations of the Transport for Wales group of companies in delivering its remit.
- The implementation of the Board's strategy. It steers, scrutinises and challenges the effectiveness and efficiency of TfW's performance, with a view to ensuring its future and the vision of creating a transport network of which Wales is proud.

The Board may delegate responsibility for the administration of day-to-day management issues to the Executive Leadership Team, but they remain ultimately responsible and accountable for all matters. Our Non-Executive Directors scrutinise the performance of the executive in meeting agreed objectives. Members of TfW's Executive Team, regularly attend to present papers with recommendations and to provide up-to-date information.

A nominated trades unions observer joins the Board for part of the strategic session. The observer is elected by a process overseen by the TUC Cymru and, although they are not a full member of the Board and do not have voting rights, they are able to take part in discussions. The Board also welcomed a Welsh Government observer and a representative from the local government sector. Observers are not full Board members as recorded on Companies House.

Our Directors have each signed a Declarations of Interest statement and complete a quarterly declarations of interest update. Declared interests are available at on TfW's website. Declarations of interest as they relate to specific agenda items are also made at the start of each meeting.

All Directors are expected to act in accordance with the seven principles of public life and have each signed the terms of TfW's Corporate Governance Framework which includes the Cabinet Office's Code of Conduct for Board Members of Public Bodies.

This year, our Board met eleven times. The minutes of all Board meetings are published at www.tfw.gov.wales/board-minutes

Directors' attendance at Board and sub-committee meetings for the year ending 31 March 2024.

	Board	Audit and Risk	Customer and Communications	Health, Safety and Well-being	Major Projects	People, Remuneration and Nominations	T-Network
Alun Bowen	10/11	5/5			4/6		
Heather Clash	11/11	5/5			6/6		
Vernon Everitt	10/11				5/6		2/2
Sarah Howells	11/11	4/5	4/4				
Nicola Kemmery	11/11			4/4		3/3	
Alison Noon-Jones	11/11		4/4			3/3	
James Price	11/11		1/4		6/6		2/2
Scott Waddington	11/11						



Our Board combines the knowledge and skills of six Non-Executive and two Executive members to provide insight and experience that help to shape our strategic direction. The full biographies of all Board members can be found at <https://trc.cymru/about/team>. Our Non-Executive Directors bring a wide range of skills and experience to the Board and each are leading professionals in their own fields. They provide independent judgement on issues of strategy, performance and risk. They are well placed to constructively challenge and scrutinise the performance of management.

Board diversity

The Board recognises that diversity, in all forms, is key to ensuring different perspectives are introduced into its decision-making processes. The Board believes that gender is an important aspect in creating an optimal Board in terms of balance and composition. Board membership currently has a gender split of four women and four men.

Board committees

Our Board has delegated certain powers to six Board sub-committees which operate to assist the Board in fulfilling its overall duties and responsibilities. The Audit and Risk sub-committee provides assurance to the Board regarding risk management, internal control and financial reporting.

The Customer and Communications sub-committee assists the Board in reviewing, monitoring and providing direction on topics related to customers. We help people to travel safely. We pay particular attention to the voices of our customers. We're transforming the customer experience with open and honest communication. We use digital innovation to improve journeys.

The Health, Safety and Well-being sub-committee assists the Board in recommending health and safety policy, monitoring and assessing compliance, and developing and delivering continuous improvement. We review and investigate health and safety incidents. Our work includes considering health and safety issues that may have strategic, business and reputational implications for the company and recommending appropriate measures and responses.

The Major Projects sub-committee assists the Board to review and scrutinise major projects and recommend decisions associated with major projects in the TfW portfolio. The Committee's main focus is on projects and programmes related to the development and delivery of TfW's capital infrastructure investment programme.

The People, Remuneration and Nominations sub-committee assists the Board in all issues relating to organisation structure, compliance with policy, pay frameworks and policy, training and development, the principles and parameters of remuneration policy, benefit plan administration and Board nominations.

In February 2024, the T-network Committee was established to set the principles and parameters of TfW's T-Network and to oversee the associated workstreams that will support the strategic objective of delivering the T-Network. This committee will ensure TfW is responding to the Welsh Government's remit to deliver an integrated transport system (One Network, One Timetable, One Ticket) and to create 'one team' to deliver this through a culture change programme.

Each committee is chaired by a Non-Executive Director and meets at least quarterly. The Major Projects, Customer Experience and Communications and T-Network committees meet bi-monthly. Each Board sub-committee has delegated authority from the Board to carry out the duties defined in its terms of reference. The Chair of each sub-committee updates the Board on the sub-committee's activities carried out during the previous month and (where necessary) makes recommendations on behalf of the sub-committee to the Board for approval.



Governance framework

Our Board is accountable to the Welsh Ministers who are the sole member of the company. The Welsh Ministers are responsible for strategic policy relating to all devolved transport matters. For the majority of 2023/24, the First Minister allocated primary responsibility for the oversight of TfW to the Minister for Climate Change. The Minister remitted TfW by setting objectives, priorities and operational and capital budgets, which form the basis of TfW's annual business plan and five year corporate strategy. From the end of March 2024, the Cabinet Secretary for North Wales and Transport was allocated primary responsibility for the oversight of TfW.

The relationship in terms of financial management and corporate governance between TfW and the Welsh Government is outlined in the Management Agreement. This document sets out the terms of agreement between TfW and the Welsh Government to support constructive and clear relations between them.

The executive leadership team

Our executive leadership team comprises the Chief Executive Officer (myself) and nine other members who are focused on TfW's day-to-day management. The Executive Leadership Team meets weekly to discuss and take decisions on operational and strategic issues. The team has responsibility for finance, health and safety, people, risk management, governance and the performance and progress of projects and programmes.

Transport for Wales Rail Ltd Board

The Transport for Wales Rail Ltd Board is responsible for all obligations set out in the Operator of Last Resort Grant Agreement relating to the Wales and Borders rail franchise. As TfW's Accounting Officer, I chair the Board which enables me to hold to account TfW Chief Operations Officer who has Executive responsibility for all operational matters relating to TfW Rail Ltd. In turn, the TfW Board holds me to account for TfW Rail Ltd's performance. Other members of the TfW Rail Board include the Chief Finance, Governance and Corporate Services Officer, the Chief Commercial Officer, the Chief Operations Officer, the Chief Customer and Culture Officer, one independent Non-Executive Director who also chairs TfW Rail Ltd's Rail Safety Executive Group; and an Associate Non-Executive Director specialising in finance.

TfW Innovation Services Ltd Board

The TfW Innovation Services Ltd Board oversees the joint venture in place between TfW, Keolis and Amey. The Board oversees the company's remit supporting the delivery of an integrated transport system for Wales and the borders.

The Board is chaired by a TfW Executive Director and comprises of three other TfW Executive Directors, a Director from Amey and a Director from Keolis.

TfW Fibre Ltd

TfW Fibre was established in early 2024 to make commercial use of the spare fibre capacity primarily installed to carry our operational signals and communications needed to run the railway. The fibre is available through the upgrading and modernisation of the Core Valley Lines. This spare capacity can now be used to support communication services in the area.

I chair the Board in an interim capacity and am joined by our Chief Finance, Governance and Corporate Services Officer and the Chief Commercial Officer. We have started a process to identify Non-Executive members of the Board.

Pullman Rail Ltd

Pullman Rail operates as a stand-alone company, delivering services under its own brand. Operating from its depot in Canton, Cardiff, Pullman Rail provides technical rail expertise; specialised rolling stock upgrades; repair, refurbishment and maintenance of all passenger and freight rail vehicles; and engineering rail solutions.

The Board is chaired by a TfW Non-Executive Director and also comprises two other TfW Executive Directors and a senior manager from TfW. It is attended by Pullman's General Manager and other senior managers as appropriate.

The TfW Board receives updates following the meeting of each of its subsidiary company boards.



Framework of internal control

All bodies funded by public money in Wales are subject to internal and external controls to ensure compliance with frameworks from the Welsh Government such as Managing Welsh Public Money. Through the work of the Audit and Risk Committee, TfW has implemented internal control arrangements to provide assurance to the Board that public money and resources are used properly and efficiently. The Audit and Risk Committee monitors and evaluates the effectiveness of internal control systems with assurance obtained using the “three lines of defence” model.

Our schedule of delegations sets out where authority rests within the company for particular decisions made in the name or on behalf of TfW and where the Board has delegated any such decision to the Executive or one of the Board’s sub-committees. The schedule sets out matters reserved solely for the Board and covers both corporate decision-making and spending authorities. The Board reviewed the schedule of delegations reserved for the Board in June and December 2023. In December 2023, the TfW and TfW Rail delegations of authority were combined.

During 2023/24 we continued to make satisfactory progress in the development and implementation of our internal controls environment. We conducted a top-down risk and scoping analysis to identify the financially significant components of TfW Group consolidation and also developed our entity level controls landscape. We have set the methodology, approach and programme to enhance our internal controls environment which will show whether our internal controls are operating effectively and (where gaps in controls have been identified) a remediation plan will be put in place and retested post remediation. This will help safeguard and protect our assets, ensure accuracy in our financial statements, adherence to policies, regulations, laws and promote efficiencies in our processes.

Financial governance, management and control

TfW’s business planning is determined by the budget set by the Welsh Government as set out in its annual funding letter and five-year remit letter. The actual results are compared with forecasts and reviewed each month to ensure that spend is managed in line with approved budgets and to provide assurance and advice to the Board.

Counter fraud, counter bribery and whistleblowing

TfW takes a zero tolerance approach to fraud, bribery and corruption. During 2023/24, we launched a new Counter-Fraud Strategy with an updated and refreshed Counter Fraud Policy along with updated procedures for conflicts of interest and whistleblowing. We also agreed an anti-money laundering policy and procedure. Any suspected cases of fraud, bribery or corruption are fully investigated. Disciplinary and/or legal action is taken where appropriate in line with our policy. In 2023/24, there were no reported cases of fraud, corruption or bribery in TfW. Any suspected money laundering activities must be reported without delay to the National Crime Agency. No reports were made in 2023/24.

All TfW new starters are required to undertake a Corporate Governance induction which includes modules on counter-fraud, conflicts of interest, gifts and hospitality and whistleblowing.

Our whistleblowing policy and procedure is designed to ensure a culture of confidence and a safe environment should a concern be raised in TfW. Several concerns were raised through our whistleblowing procedure during the year and investigated.

Openness and transparency

We are committed to openness and transparency in the way TfW operates as a business and have adopted the Model Publication Scheme prepared and approved by the Information Commissioner. The Scheme commits TfW to making certain information routinely available to the public.

In 2023/24, TfW received 327 requests for information and met the statutory deadlines for nearly 95% of requests.



Risk Management

Our Board is responsible for the management of the risks relating to the operations of TfW. We regularly undertake assessments of the risks we face. Key risks are recorded in the Strategic Risk Register which the Board reviews at each meeting. The Executive Leadership Team considers both the Operational and Strategic Risk Registers at its meetings.

Our risk processes identify potential risks and prioritise them according to impact and likelihood of the risk occurring. Mitigating action is presented alongside each risk to manage and reduce the identified risks.

During the year, our Board formally reviewed its risk appetite to determine the amount, level and type of risks that projects, programmes, business activities and TfW is willing to take to meet its strategic objectives at each respective level. The process undertaken by the Board is based on the UK Government's Orange Book.

Assurance

TfW's prime source of assurance comes from identifying how well its objectives are being met and risks managed. As well as TfW's internal audit arrangements, assurance is also obtained through monthly reports to the Board, Board sub-committees, the executive leadership team, risk registers and other management information. We have also provided reports to the Welsh Government at Steering Board meetings.

Internal audit activities have been delivered across the TfW Group during 2023/24. The audit team continues to extend their knowledge and understanding of the TfW and has investigated new areas as well as areas of risk. This has enabled them to further support the business with recommendations for continuous improvement.

The audit plan approved in March 2023 has been delivered over the year including reviews in the areas of finance systems and processes, legal compliance (including requirements for the public service and rail ombudsmen), fuel supplies, rail specific processes, records management, contract and supplier management, human resources systems and payroll, risk management and Pullman Rail.

The Audit and Risk Committee approved the internal audit plan for 2024/25 in March 2024 with a risk-based programme covering all business entities and a variety of financial and non-financial areas.

I am satisfied that for the financial year 2023/24 there were no significant weaknesses in TfW's governance framework and systems of internal control. TfW's governance framework and systems of internal control supported the achievement of TfW's policies, aims and objectives, facilitated effective exercise of the Company's functions and safeguarded public funds and assets for which I, as the Accounting Officer, am personally responsible.

James Price

Chief Executive and Accounting Officer



RESILIENCE STATEMENT

Many of the activities that TfW is involved with require a long-term view.

We're mainly funded from the public purse by remit grant and other funding for services delivered to the Welsh Government. This remit grant includes the grant subsidy for rail passenger services across Wales and the borders.

The Welsh Government has issued TfW with a five-year remit letter and provides a separate funding letter for the budget allocated to carry out specific activities for that financial year. Alongside this, the Welsh Government also issues other direct instructions over the course of the year for specific projects and activities. In addition, TfW has a five-year corporate strategy which continues until 2027 and published its 2024/25 business plan in March 2024, both of which were agreed with the Welsh Government.

Many of our activities do however require an even longer-term view such as planning for infrastructure projects, greater integration of Wales's transport system and achieving a future with lower carbon emissions.

Accordingly, our analysis of our longer-term resilience has been based on the directors' knowledge of those activities that we've been asked to take responsibility for by the Welsh Government and does not anticipate the effect of further activities which could possibly affect our resilience in the short and medium term.

Short-term resilience

The directors have determined "short term" for the purpose of this resilience statement as the 12 months after the signature of the financial statements. Namely, to the end of June 2025. This coincides with the period of the directors' assessment that TfW is a going concern for the purpose of preparing our financial statements.

TfW's short term resilience is supported by a focus on operational resilience. The directors consider that this is most important in three main areas. Namely, the availability of rolling stock and resources and infrastructure and network disruption. Planning within these key areas is critical and TfW focuses its efforts on planning and also on business continuity in order to maximise operational resilience and hence its financial performance in the short term.

During the year ending 31 March 2024, the funding support provided by the Welsh Government has demonstrated its willingness to provide financial support at times of extreme stress. The Welsh Government has also written to our directors confirming its commitment to fund TfW and its subsidiaries for a period of at least 12 months from the date of signing our financial statements.

Medium-term resilience

TfW's Audit and Assurance Policy for the three years ending 31 March 2025 included a scenario to illustrate TfW's resilience: financial sensitivity to changes in transport customers' behaviour.

The Audit and Risk Committee has chosen to illustrate the financial effect of the first scenario, by using a 10% rise or fall in rail passenger numbers. This sensitivity assumes that the mix and the average spend per passenger stays the same and management does not carry out any steps to discourage or encourage demand.

Such a rise or fall (which also does not consider potential overcrowding in peak times in the event of a rise in passenger numbers) would lead to a reduced or increased revenue funding requirement from the Welsh Government of some £16 million per annum.



Longer-term resilience

In the period post-2027, we're likely to face several further challenges, which will affect our resilience in the longer term. These are:

- Climate change as the move to a lower carbon economy will have a significant effect on TfW. These challenges are set out in the separate section on climate change.
- Potential future changes to Welsh and UK transport policy.

Our approach to identifying emerging risks, horizon scanning and collaboration with other transport and government bodies provides the directors with some confidence that there will be time to be able to address such issues well in advance, subject to appropriate funding.



NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Climate-related risks and opportunities statement – 2024

In 2020, transport was responsible for 15% of Welsh greenhouse gas emissions. The UK Climate Change Committee has proposed a carbon reduction pathway to achieve net zero in Wales where emissions from transport (excluding plane travel) needs to be roughly halved by 2030.

We'll support the reduction of greenhouse gas emissions from transport in Wales through a modal shift from private vehicles to public transport and active travel. We're enabling this shift through the provision of more environmentally friendly services and increased infrastructure in line with the UK Climate Change Committee recommendations. We're committed to supporting the Welsh public sector target of net zero by 2030 as outlined in the Welsh Public Sector Net Zero Carbon Reporting Guide.

Governance

Committees: Roles, Responsibilities and Activities

Climate Change Steering Group (CCSG)

The CCSG is Chaired by TfW's Safety, Sustainability and Risk Director and has cross organisational representation. Meetings are held monthly. The Steering Group re-ports on TfW's Climate Risk Appetite quarterly and annually to the Audit and Risk, and Health, Safety, Well-being and Sustainability Committees on strategy and findings.

In 2023, we established this Group to oversee and provide an accountability framework for the work undertaken by the Climate Adaptation and Energy and Carbon Working Groups. The Group convenes monthly and oversees and advises on decisions related to decarbonisation, energy management, and climate adaptation. In addition to providing an effective assurance function, the Group maintains consistency in the working methods across the two reporting working groups.

CVL Climate Adaptation Working Group (CVL CCAWG)

The CVL CCAWG meets monthly and reports into the CCSG on its activities and progress.

Energy and Carbon Working Group

The Energy and Carbon Working Group will be operational from Q2 2024/25. The Terms of Remit for this working group have yet to be determined, however the group will report on its progress to support deliver of energy and carbon strategic objectives to the CCSG.

Health, Safety, Well-being and Sustainability Committee

This Committee monitors compliance with relevant energy and climate change legislation, standards, and systems. The Committee receives quarterly reports from the CCSG on progress to deliver on TfW's carbon, energy and climate adaptation and resilience strategic objectives and associated investment decisions.

The Committee also oversees progress in delivering TfW's strategic objectives related to carbon, energy, climate adaptation, resilience, and any associated investment decisions.



The Audit and Risk Committee

The Audit and Risk Committee monitors TfW's internal controls for managing climate change risks and opportunities, including transition risks and those impacting the delivery of objectives outlined in the three core plans. The CCSG reports to the Audit and Risk Committee on a six monthly basis on:

- TfW's changing organisational climate change risk profile, including those associated with a transition to a net zero economy.
- How we identify, assess, and manage climate-related risks and investment decisions through internal control systems and processes in line with the requirements set out in the "Task Force on Climate-Related Financial Disclosures" TCFD.

The Major Projects Committee

The Major Projects Committee provides governance and oversight for major decarbonisation, energy, and climate adaptation projects, including associated investments. Any major resilience, carbon reduction or energy projects that require additional capital investment will be referred to the Investment Committee for decision making, following the presentation of a business case.

TfW Board

We aim to follow best practices and align our reporting on climate risk, carbon and energy management with TCFD reporting requirements. Through our Audit and Risk Committee, reports against TfW's climate risk appetite will be disclosed to TfW Board on a six monthly and annual basis. This enables our Board to oversee and provide scrutiny of decisions that may impact the corporate risk appetite in line with the company Risk Matrix. The Board oversees and monitors progress against goals and targets both directly and via the sub-committees.

Welsh Government

There is currently no Adaptation Reporting power or similar function for public bodies in Wales for the disclosure of climate risks to. Nevertheless, our reporting framework has been designed to provide us a robust process for the reporting of such risks to our governing body if climate risk reporting is mandated in the future. Welsh Government do receive copies of our principal risks, board level reports and strategies.

Strategy

We recognise the importance of identifying and managing climate-related risks and opportunities to ensure the long-term sustainability of operations and align with Wales' climate goals. We've developed a [Climate Adaptation and Resilience Plan \(CARP\)](#) which details how we will assess and manage climate risk across our Core Valley Lines network, infrastructure and operations. The CARP provides us with a strategic roadmap for mitigating our vulnerability to physical climate risks in accordance with our remit from Welsh Government which is to ensure all TfW operations delivered on behalf of the Welsh Ministers are designed and delivered based upon the latest data on climate change risk and impacts and robust climate change adaptation plans are in place. The CARP aims to increase the resilience of all our transport networks and operations, including any potential additional travel services that come under the TfW umbrella in the future.

Modal shift is a key part of Welsh Government's climate policy and despite the decarbonisation of the CVL, the more successful TfW and Welsh Government are in achieving modal shift the risk will be in an increase to TfW's emissions, though this will mean that Wales's overall emissions will fall. Accordingly, we are working collaboratively with other public bodies in Wales to reduce our carbon emissions to a collective net-zero by 2030. To outline the activity, we'll deliver to help the Welsh public sector deliver on this target, we are developing a Carbon Management Plan, which will be published in 2024. The Plan will provide us with a strategic roadmap and costed action plan for managing emissions arising from our Scope 1, 2 and 3 activities.

As our energy consumption will increase significantly as we transition to electricity to power our transport services, we have developed a 2030 Energy Strategy (due to be published this summer). The strategy aims to reduce energy expenditure and associated emissions across our estate and electrified transport services and will feed into the delivery



of our Carbon Management Plan. We've produced a series of specific, measurable, achievable, relevant, and time-based (SMART) targets and costed actions that we aim to deliver by 2030 to help us to maximise opportunities for reducing climate risks arising from the energy we use.

We'll develop an Energy and Carbon Improvement Plan to provide the technical roadmap for implementing low carbon energy schemes. This includes potential schemes which could help us to decarbonise the energy we use across our estate and electrified transport services, whilst also increasing our long-term resilience, in a way that helps us to reduce operational expenditure for gas and power. All measures within the second phase action plan are outside of existing funding streams and will require additional investment to enable delivery.

Climate Adaptation, Resilience and Risk management

We've developed and implemented a robust Climate Change Risk Assessment (CCRA) Framework to address the potential impacts of climate change on assets and services. Approved by the Executive Leadership team in March 2023, this framework provides a structured and measurable approach for assessing climate-related risks across our organisation. In accordance with our Welsh Government remit directive, the CCRA framework has been developed in line with the latest UK climate change scenarios.

The Met Office Hadley Centre produces climate projections for the UK and globally using innovative projection tools and climate science. The most recent were published in 2018 (UKCP18). The CCRA framework utilises the UKCP18 land-based Probabilistic Projections at a 25km scale covering the CVL region to enable us to assess how climate change is likely to affect our owned assets.

The Climate Change team will support the assessment of climate risk using alternative projections for any new assets which will be located outside of this region. All UKCP18 projections are measured against 1981-2000 baseline data for each relevant climate variable (temperature and precipitation).

We apply the same methodology for the time periods for assessment of climate risk:

- Short term risks (2020-2040)
- Medium term risks (2040-2060)
- Long term risks (2080-2099)

Aligning with the Climate Change Committee's guidance, we recognise the importance of preparing for various scenarios and our objective is to maintain passenger safety by adapting to the potential impacts of climate change. Our scenarios were selected through analysis of potential significant impact, based on historic events, known risks and predicted potential impact and are therefore the most appropriate for TfW operations, these have been benchmarked against similar industry bodies including Network Rail, HS2 and Transport for London.

To ensure a comprehensive assessment, the CCRA Framework requires users to evaluate risks against the following climate change scenarios:

1. **RCP6.0 (high global warming scenario – 2.8°C by 2100):** This pathway is equivalent to more than 2°C warming.
2. **RCP8.5 (very high global warming scenario – 4.3°C by 2100):** This pathway is equivalent to more than 4°C warming.

The CCRA Framework is supported by a comprehensive guidance document and an intuitive assessment tool. The assessment tool incorporates climate projection data, allowing for a detailed CCRA to be completed for each asset or system. The tool is aligned with TfW's corporate risk matrix, ensuring a consistent approach to risk assessment. By implementing this CCRA Framework, TfW aims to proactively identify and mitigate climate-related risks, ensuring the resilience of our assets and services, and prioritising passenger safety in the face of a changing climate.

Whilst work is well under way to help TfW understand its climate risk appetite, through the embedding of an organisation-wide Climate Change Risk Assessment Framework, we currently do not understand when investment in adaptation measures will be required in terms of when our assets will fail under specific climate scenarios. We're currently in the process of developing climate adaptation pathways to help us determine trigger points for asset failure and when investment is required.



The adaptation pathways approach is used within the field of climate resilience to support strategic, flexible, and structured decision-making by identifying optimal times to take adaptive action to reduce the cost of acting too early or too late.

We're currently working with specialists to develop adaptation pathways for the Core Valley Lines (CVL) – informed by our climate risk data. We will utilise the outputs from the pathways to prioritise focus areas for more detailed action and investment within a Climate Adaptation Delivery plan for the CVL.

Climate Change Risk Assessments are conducted for our assets/activities that are vulnerable to the impacts of climate change/extreme weather including for example:

- New assets (e.g. track, stations, signaling equipment)
- Asset renewals/upgrades
- New transport services.

We assess climate-related risks and opportunities against our organizational Risk Appetite Matrix. The outputs of CCRA's are managed through the existing risk management processes overseen by the Risk Management team. The team will meet with Risk Owners, responsible for managing specific assets and/or projects, to ensure that climate risks are regularly updated within TfW's Active Risk Manager (ARM) system. Risk Owners are also accountable for implementing effective mitigation controls, such as those outlined in the Climate Adaptation Plan (CAP) for risks which exceed agreed levels with our Risk Appetite Matrix. The frequency of risk reviews varies depending on the nature and timeframe of the identified risks. Short-term risks may require more frequent assessments, while longer-term risks may warrant a higher-level, strategic approach to risk management.

The CCRA Approval Process provides the governance for climate risk decision-making in line with our Risk Appetite Matrix. Overall risk scores which exceed our risk appetite levels will require referral to the Climate Change Steering Groups to determine whether the rating is acceptable. Risk scores which are considered acceptable will require monitoring and reassessment every five years to determine whether the rating has changed. This is particularly important as our knowledge of how climate change will impact our assets in Wales develops over time, which may influence the level of climate risk.

We're still in the process of developing our strategies for managing climate risks. Our current climate resilience strategies are focused on adapting our operations to physical climate risks.

By integrating climate risk management into existing processes, TfW aims to foster a proactive and data-driven approach to addressing the potential impacts of climate change on its operations, assets, and services. The outputs from the CCRA dashboard are utilised in our reporting against our climate risk appetite to the relevant Board committees outlined in our governance framework and also inform the development of our adaptation pathways to help us prioritise investment in adaptive action.

Our Risk Management team oversees the management of climate related risks and opportunities to ensure they are culturally embedded in day-to-day business and as part of the company risk management programme under the Chief Risk Officer. The table below provides an overview of our core, strategic climate-related risks which are monitored by the Risk Management team and the mitigation controls we have identified to reduce the current level of risk.

Currently these risks are not identified as Principal Risks (Risks which have a higher probability and significant impact on strategy, reputation operations, or finance) under the TfW risk programme. Current impacts of climate change are localised and weather impacts such as flooding, heat impact, wind/storm damage are managed and mitigated through business continuity plans, weather preparedness process and investment plans which are developed through our engineering team and escalated for approval through to the senior leadership team for investment sign off. Major projects including those that reduce climate impacts are tracked through the Major Projects Committee.

The current impact of climate change will not have a holistic, significant impact on the ability for TfW to provide a service. This has been demonstrated in the last year with several large named storms causing some disruption, however this has been mitigated by the provision of alternative transport such as Bus replacement services. Disruptions are communicated through different media prior to and during significant storms reducing potential impacts. In terms of the safety of customers and staff, TfW has a customer care process in place and in use.



The sustainability and risk team are currently updating our assessment against the [National Risk Register 2023 edition](#) and updating from the analysis of the 2020 version. Any additional risks or updated risks will go through governance.

We have embedded our CCRA framework into our Programme Management Office (PMO) to make it mandatory for all new capital projects assess climate change risks and opportunities at the pre-design stage. This will ensure climate risks are captured and mitigated through the design process, to minimise our exposure, prevent lock-in and determine the long-term viability of a potential asset.

As set out in TfW's Resilience Statement the financial resilience of TfW is dependent on the level of funding provided by Welsh Government. In the light of the current funding pressures planning for the short and medium term is being reassessed in accordance with the likely funding available for climate adaptation and prioritised even more to those activities, which will have the most positive benefit.

In conclusion we are making good progress in assessing the impact of future climate change on our owned assets, which only came under our control four years ago and have already been vastly upgraded over the last few years, and will be expanding this work further to cover transitional risks. Our work to develop an adaptive capacity maturity matrix this work will help us understand what steps we need to fulfil to enhance our adaptive capacity to future climate change and identify how we can become resilient, as a business, to the climate change risks we have identified.

Core, strategic climate-related risks

Risk Term	Risk	Impact	Mitigation Control
Short term	Inability to meet 2030 decarbonisation target due to diesel rolling stock fleet.	This could affect TfW's ability to reduce its corporate emissions and Welsh Government Remit requirements.	Managed through the Rolling Stock Decarbonisation Strategy and a programme of monitoring and Stakeholder Engagement.
Short term	Failure to deliver on 2030 net zero target due to supply chain emissions.	This could affect TfW's ability to reduce its corporate emissions and Welsh Government Remit requirements.	Sustainable Development team to conduct in-depth analysis of supply chain emissions to obtain more accurate representation and add this to offset higher level reporting, and collaborate with Welsh Government to develop a hybrid approach to carbon accounting for this activity.
Short term	Failure to fully demonstrate net zero targets achievements as unable to reflect green electricity tariff emissions in current carbon footprint reporting mechanism.	This could affect TfW's ability to reduce its corporate emissions and Welsh Government Remit requirements.	Options for sourcing energy directly from local renewables will be explored in pursuit of net zero for scope 2.
Short term	Electricity cost increases could increase delivery costs of decarb programme and could render net zero target difficult to deliver under financial restraints.	This could affect TfW's ability to reduce its corporate emissions and Welsh Government Remit requirements.	Options for sourcing energy directly from local renewables will be explored in pursuit of net zero for scope 2.



Risk Term	Risk	Impact	Mitigation Control
Medium term	Failure to deliver on net zero target due to development on greenfield land assets.	This could affect TfW's ability to reduce its corporate emissions and Welsh Government Remit requirements.	Work with land manager, engineering, and projects teams to ensure that due diligence is made when considering development of any TfW land assets and develop governance structure for stakeholder consultation on land purchases/assets. – completed, delivering in line with the governance.
Long term	Extreme weather events (flooding, extreme heat, ice, snow) may cause disruption to infrastructure which could have operational and cost implications.	This could effect TfW's ability to maintain service provision and full delivery of Welsh Government Remit requirements through unplanned financial implications due to accidents, asset damage and service disruption.	<ol style="list-style-type: none"> 1. Future-proof mitigation (e.g. construction) and pre-work environmental assessments. 2. Conduct risk assessments across the network to ensure climate change risks are captured. 3. Publish a climate change adaptation plan detailing TfW plans to increase resilience of network and ops. 4. Set up governance channels for monitoring our progress to enhance our adaptive capacity to climate change-induced extreme weather events.

Core, strategic climate-related opportunities

Opportunity Term	Opportunities
Short term	TfW has increased responsibilities for EVs, zero tailpipe emission Bus and Taxis and Active Travel that could reduce the footprint of the people of Wales if successful.
Medium term	Better public transport services and increased access to EV charging could lead to significant modal shift.
Medium term	The completion of the South East Wales Metro could further significantly increase the extent of modal shift.
Medium term	TfW sees increasing opportunities, in collaboration with partners, to develop its own renewables, such as thin film solar and trackside renewables and reduce its energy consumption through, for example, the increased use of LED lighting, thus reducing TfW's reliance on the national grid and accordingly making TfW more resilient to adverse weather events.
Long term	The completion of the North and South West Wales Metros could further significantly increase the extent of modal shift.
Long term	Opportunity for TfW to reduce costs associated with accidents, asset damage and service disruption caused by extreme weather events through the delivery of our Climate Adaptation and Resilience Plan.



Collaboration

We collaborate closely with Network Rail, the owner of most rail assets in Wales. They are conducting Climate Change Risk Assessments (CCRA) on the Wales and Borders network and published a new Adaptation Report in December 2021. Our plan is to work jointly with Network Rail to develop climate adaptation pathways for our critical assets – determined by CCRA data – and develop joint plans for enhancing the climate resilience of the Welsh railway networks. This approach will help identify crucial decisions to enhance climate resilience. We are also working closely with Network Rail to develop plans/projects to support decarbonisation of the railway in Wales.

In March 2020, Transport for Wales took over ownership of the Core Valley Lines, with Amey Infrastructure Wales (AIW) as its delivery partner. AIW's role involves complying with Network Rail's Standards, including developing extreme weather plans (NR/L3/CIV/190) for asset management during extreme weather events. As part of asset management duties, Transport for Wales is currently updating its Strategic Asset Management Plan (SAMP). The SAMP highlights the strategic vision for managing assets like drainage, structures, and earthworks. It also emphasizes key activities related to improving asset knowledge and resilience. Additionally, AIW produces Asset Management Plans, which outline key activities, including adverse weather events and establishing trial sites.

A key action within the Climate Adaptation and Resilience Plan is to develop a Vegetation Management Plan to help us reduce the impact to reduce the impact of autumn (and increasingly other seasons) on our Core Valley Lines services. This plan will be published in autumn 2024.

We have used geographic information systems to map Core Valley Lines assets and their interface with known flooding sites, based on Natural Resources Wales flooding data for river and surface flooding. We are currently conducting a comprehensive study of river flooding that has the potential to impact the Core Valley Lines network.

Discussions are currently taken place between TfW and other organisations (such as Natural Resources Wales and Dŵr Cymru Welsh Water) about collaborative working and setting up a Memorandum of Understanding to enhance understanding of assets and promote a joint approach to understanding and implementing resilience. We understand the importance of working with other infrastructure owners in Wales to identify and assess climate risks, particularly those that are interacting, compounding or cross-organisational in nature.

Metrics and targets

There are a series of Welsh Government and industry targets relating to climate risks and opportunities which we work towards at TfW (detailed in the table below).

Welsh Government targets and commitments

Risk Term	Commitment	Our objectives and targets
Short term	By 2030, choosing zero carbon will be routine, culturally embedded and self-regulating across the Welsh public sector.	<ul style="list-style-type: none"> 100% renewable energy on CVL. Scope 1 emissions (traction) Core Valley Lines: make significant reductions of Scope 1 emissions by 2024, with a focus on attaining a 100% reduction.
Medium term	Increase trip mode share of public transport from a current estimated proportion of 5% to 7% by 2030 and 13% by 2040.	In our 2022-27 Sustainable Development Plan we have committed to promoting sustainable travel and reducing the need for private car use. The full objectives to support us deliver on this aim are outlined in the below plan. SDP_22_2911.pdf (tfw.wales)



Industry targets

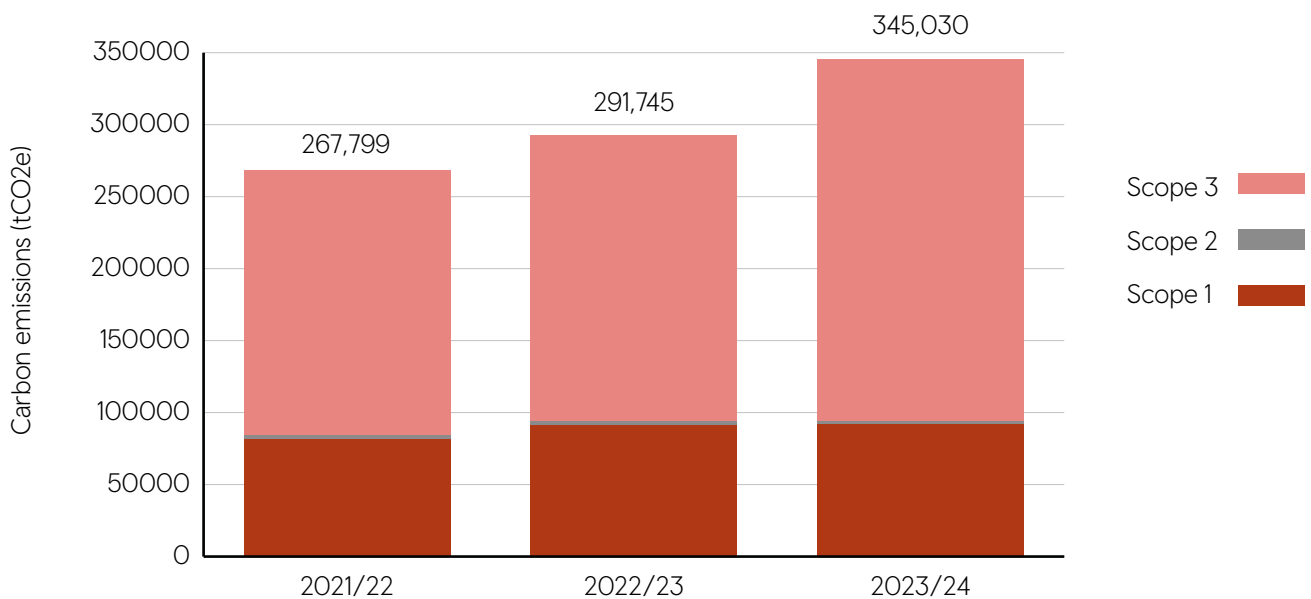
Risk Term	Risk	Mitigation Control
Medium term	Phasing out of diesel-only trains by 2040.	Scope 1 emissions (traction) Core Valley Lines: make significant reductions of Scope 1 emissions by 2024, with a focus on attaining a 100% reduction.
Long term	Network Rail have committed to achieving net zero carbon emissions by 2050 in England and Wales.	Scope 1 emissions (traction) Core Valley Lines: make significant reductions of Scope 1 emissions by 2024, with a focus on attaining a 100% reduction.

Carbon emissions

We account and report our annual carbon emissions in line with [Welsh Government's net zero public sector reporting guide](#). The guidance has been developed to support Welsh public sector bodies reduce collective emissions to net zero by 2030. The guidance is consistent with international reporting guidance for reporting carbon emissions.

Our Scope 1, 2 and 3 emissions for financial year 2023/24

In 2023/24, TfW produced a total of **345,030 tCO₂e**. Overall, our emissions have increased by **53,285 tCO₂e** compared with 2022/23 an 18% uplift on last year's emissions of **291,745 tCO₂e**. 73% of our emissions come from activities outside of our direct control (Scope 3) 2023/24 carbon emissions by scope are detailed in the chart below.



We measure our annual year-on-year change in carbon emissions within our annual carbon report against our 2020/21 baseline. Our operational carbon emissions have increased by 39% against this baseline. The breakdown per scope is demonstrated in Table 1.

Scope	Change in emissions
Scope 1	+31%
Scope 2	-22%
Scope 3	+42%



The uplift in our operational emissions during the last four years is attributed to our increased service provision and progressive spend on transforming public transport services in Wales.

Our Carbon Management Plan and associated carbon targets are in development; however, we report our rolling stock carbon intensity (grammes of carbon dioxide equivalent per passenger km) every 4-week financial period. This is measured and compared against the same period the preceding financial year. We also report on our annual rolling stock carbon intensity which was 84.07 gCO₂e/PAX km for 2023/24. This is a 7.6% reduction on 2022/23.

Revision of carbon targets

In 2019, we published our Low Carbon Impact Strategy which includes the following targets for our carbon emissions:

- Scope 1 emissions (traction) Core Valley Lines – 100% reduction by the end of 2023.
- Scope 1 emissions (traction) Wales and Cross-Border. Lines – 30% reduction by the end of 2023.
- Scope 2 emissions – 100% reduction by the end of 2023.

There have been challenges sourcing our energy directly from local renewable generators, due to grid connection delays and lack of availability. Our electricity is on a 100% renewable tariff however, we are not able to report on zero emissions associated with this contract.

Following the pandemic, we have been increasing our service provision to support people in Wales move away from car travel. This will help the Welsh Government reduce transport sector emissions in Wales. This has meant our emissions from the Wales and Borders network have increased. The Wales and Borders network is outside of our operational control in terms of decarbonisation. We are dependent on Network Rail to roll out Overhead Line Electrification on these routes before we can transition to an electrified fleet. Although the original targets are not attainable within the initial timeframe, we remain committed to taking the necessary actions to achieve these targets in the future.

Enhancing our reporting of emissions will help us to fully assess our carbon footprint and develop measurable and reportable, evidence-based carbon management targets. These targets will form the basis of our Carbon Management Plan (published in 2024/25). The Plan will provide us with a strategic roadmap for managing our carbon emissions going forward, helping us to reduce the environmental impact of our business operations, whilst also supporting Welsh Government decarbonise the transport sector through modal shift.

Accordingly, TfW is increasingly using scope 1 emissions per passenger kilometre, as the most relevant metric for its rail services. This metric will be one of the suite of key performance indicators that will be published regularly by TfW in 2024.



REMUNERATION REPORT

The following sections provide details of the remuneration of Board members. This includes salary and pension entitlements.

Single total figure of remuneration

	Salary 2023/24	Salary 2022/23	Pension benefits 2023/24	Pension benefits 2022/23	Total 2023/24	Total 2022/23
Director	£000	£000	£000	£000	£000	£000
James Price Chief Executive Officer*	230-235	195-200	-	10-15	230-235	210-215
Heather Clash Executive Director of Finance	145-150	135-140	10-15	10-15	160-165	150-155
Scott Waddington Non-Executive Director – Chair	35-40	35-40	-	-	35-40	35-40
Sarah Howells Non-Executive Director	20-25	20-25	-	-	20-25	20-25
Nicola Kemmery Non-Executive Director	20-25	20-25	-	-	20-25	20-25
Alison Noon-Jones Non-Executive Director	20-25	20-25	-	-	20-25	20-25
Alun Bowen Non-Executive Director	20-25	20-25	-	-	20-25	20-25
Vernon Everitt Non-Executive Director	20-25	20-25	-	-	20-25	20-25

* Until 9 October 2022, James Price was seconded to TfW from Welsh Government with a full year equivalent salary of £160,000-165,000 and pension benefits accrued as a member of the Civil Service Pension Scheme. On this date, he joined TfW as an employee with a full-year equivalent salary of £215-220,000 and no pension benefits. His higher full-year equivalent salary reflects the fact that he receives no pension benefits from TfW. This change provides a saving for TfW compared to the secondment charge from Welsh Government. His remuneration during 2022/23 is the aggregate total remuneration from Welsh Government and TfW during the year. His remuneration during 2023/24 solely relates to his employment with TfW.

Salary

'Salary' includes gross salary and overtime. No benefits in kind or bonuses have been paid by TfW to Board members.

Pensions

TfW employees are members of a defined contribution pension scheme. The pension benefits figure for this scheme represents the employer contribution of 8%. Non-executive directors are not members of the TfW employer pension scheme.

James Price was an active member of the Civil Service Pension Scheme (CSPS) during his employment by Welsh Government (seconded to TfW). As such, previous annual reports have disclosed his benefits under this scheme. Since joining TfW in October 2022, he is no longer an active member of CSPS and therefore these disclosures are no longer required. He is also not a member of the TfW defined contribution scheme.



Fair Pay Disclosures

The following Fair Pay Disclosures are calculated as required by HM Treasury Government Financial Reporting Manual (FRoM). Total remuneration used in the calculations includes salary and excludes employer pension contributions.

The banded remuneration of the highest paid director of TfW in the financial year 2023/24 was £230,000-235,000 (in 2022/23, it was £195,000-200,000) – [see page 88](#) for explanation of this change. No employee received remuneration in excess of the highest paid director.

The pay multiple ratio between the highest paid director’s remuneration and the pay and benefits of the employee at various percentiles of pay and benefits of the group’s employees as at 31 March is set out below:

	2023/24		2022/23	
	Pay and benefits	Ratio	Pay and benefits	Ratio
25th Percentile	£35,193	6.6 times	£34,633	5.7 times
50th Percentile (Median)	£48,384	4.8 times	£45,159	4.4 times
75th Percentile	£64,498	3.6 times	£59,720	3.3 times

The year-on-year movement in the ratios is because the highest paid director transferred to TfW from Welsh Government during 2022/23, and the remuneration included in the ratio calculation for 2022/23 is the aggregate total remuneration from Welsh Government and TfW during the year (see above for explanation of this change). There has been a change in the highest paid director’s remuneration package since transferring to TfW from Welsh Government, reflecting the fact that he receives no pension benefits from TfW. The ratio disclosures are calculated excluding pension benefits, and as such, do not provide the complete picture of the remuneration of either the highest paid director or employees.

Annual basic salaries for the group ranged from £20,319 to £230-235,000 (2022/23: £18,525 to £190-195,000).

The average change from the previous financial year in respect of salary and allowances for all group employees (calculated by dividing total annualised salaries by the FTE number of employees) is 7.0%. This average pay percentage increase includes many factors in terms of the annual pay increases across TfW. This involves various pay deals under different pay models. Several of the pay increases include productivity payments for front-line rail colleagues to allow for changes to terms and conditions. This change will provide improvements for our rail service such as operational management of Metro and including Sundays in the working week.

While salary increases within the TfW Group reflect the performance of individuals, there is a very limited amount of specific performance pay and bonuses above base salaries paid across the TfW Group to certain groups of employees (for example, commission for front-line staff). The total performance related pay paid across the group during the year ended 2023/24 was £616,120, which, when applied as an average across all employees in accordance with the FRoM calculation requirements, has increased by 24% compared to 2022/23 (£453,106). The increase in average is primarily as result of increased passenger travel, as commission for frontline colleagues is linked to ticket sales and revenue protection activity. There are no senior management bonus schemes.



Exit Packages

There were no early retirement or severance schemes during 2023/24 or 2022/23 and only individual exit packages were in place. For 2023/24, 22 (2022/23: 3) employees have left or agreed to leave under ill-health retirement or other voluntary exit reasons between 1 April 2023 and 31 March 2024. Compensation payments agreed were £352,999 (2022/23: £168,629). The majority of exits are ill-health retirements. This reflects the age profile of our workforce.

The table below shows the total cost of exit packages agreed and accounted for during the year (with last year as a comparative). The costs included in the table provide the total cost to TfW of any exit (including National Insurance and pensions contributions).

	Number of compulsory redundancies	Number of other departures agreed	Total number 2023/24	Total number 2022/23
<£10,000	-	16	16	-
£10,000 – £25,000	-	2	2	1
£25,000 – £50,000	-	1	1	-
£50,000 – £100,000	-	3	3	2
£100,000 – £150,000	-	-	-	-
£150,000 – £200,000	-	-	-	-
£200,000 +	-	-	-	-
Total number of exit packages	-	22	22	3
Total cost £			352,999	168,629



DIRECTORS' REPORT

Our Directors present their report for the year ended 31 March 2023.

Directors

The Directors who held office during the year to the date of this report were as follows:

Name	Role
J S Waddington	Chair/Non-Executive Director
S Howells	Non-Executive Director
N J Kemmery	Non-Executive Director
A J Noon-Jones	Non-Executive Director
D A Bowen	Non-Executive Director
V J Everitt	Non-Executive Director
J R Price	Executive Director
H J Clash	Executive Director

There have been no appointments or resignations in 2022/23.

Financial instruments

Liquidity and cash flow risk

We monitor our working capital on a regular basis to ensure that sufficient funds have been drawn down from the Welsh Government to meet our liabilities as they fall due.

The Group has a fuel price hedge to mitigate exposure to the fluctuations in the price of fuel that would otherwise import uncertainty to the financial performance of the business. The previous hedge ended on 31st March 2023; in April 2023 the Group entered into a new hedge until 31st March 2026.

Credit risk

We do not have significant credit risk exposure as the majority of the Group's activity is either funded through the Welsh Government grants received in advance, through trading with other public sector organisations or through cash sales to the public. Our credit risk is monitored on an ongoing basis.

Proposed dividend

The directors do not recommend the payment of a dividend. The retained surplus is to be used to fund our future activities.

Employees

Information on diversity and inclusion is detailed on [page 46](#) and in the people committee report on [page 69](#). Further information on employee engagement is included within the Section 172 statement on [page 54](#).



Engagement with suppliers, customers and others in a business relationship with the company

Information on how we engage with our suppliers, customers and other stakeholders is included in our Section 172 statement on [page 54](#). We aim to pay all our suppliers as soon as the spend is approved and comply with the Government's Prompt Payment Code.

Energy and carbon reporting

Information on our energy consumption and actions is included in the transport decarbonisation statement on [page 79](#).

Political contributions

As a wholly owned subsidiary of the Welsh Government, TfW is not allowed to be involved in political activity and accordingly we have made no political donations or incurred any political expenditure during the year.

Whistleblowing procedures

We're committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. Our employees are expected to conduct themselves with integrity, impartiality and honesty and we seek to develop a culture where we challenge inappropriate behaviour at all levels. To achieve this we encourage the reporting of genuine concerns about malpractice, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which TfW's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that our auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

James Price

Director/Chief Executive

3 Llys Cadwyn, Pontypridd, CF37 4TH
26 June 2024



Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with UK-adopted international accounting standards ("UK-adopted IFRS") in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's [website](#). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



FINANCIAL STATEMENTS



Independent auditor's report to the members of Transport for Wales

Opinion

We have audited the financial statements of Transport for Wales ("the Company") for the year ended 31 March 2024 which comprise the Consolidated Income Statement, Consolidated Statement of financial position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2024 and of the Group's deficit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analyzed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group and Company's available financial resources over this period was the continued availability of funding from Welsh Government in line with the Group and Company's remit.

Since the Group and Company are reliant on continued funding from Welsh Government, we assessed the risk that this support would not be available. We inspected letters received by the directors indicating Welsh Government's intention to provide this support, examined financial statements to assess its ability to provide this support over the period of the audited entity's going concern assessment, and assessed the business reasons why the group may or may not choose to provide this support.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and, dependencies. We assessed the completeness of the going concern.



Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit and Risk committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as revaluation of assets. On this audit we do not believe there is a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to cash accounts, unusual postings to assets under construction accounts, unusual postings to revenue accounts and a sample of journals posted at period end.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.



Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation, and pension legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, environmental regulations, regulations applicable to public sector bodies in Wales, transport related legislation, and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other Information

The directors are responsible for the other information, which comprises the Strategic report and the Governance section of the Annual Report, which includes the Directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion thereon.

Our responsibility is to read the other information and in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic report, Governance section of the Annual Report and the Directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on [page 93](#), the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rees Batley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff Bay
CF10 4AX

28 June 2024



Consolidated income statement

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Revenue	2	717,879	627,796
Administrative expenses		(741,687)	(656,426)
Operating surplus being surplus before tax		(23,808)	(28,630)
Financial expenses	6	(6,886)	(1,888)
Net financing income/(expense)		(6,886)	(1,888)
Surplus/(deficit) before tax		(30,694)	(30,518)
Taxation credit/(charge)	7	(2,604)	4,491
Surplus/(deficit) for the year		(33,298)	(26,027)
Statement of Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	8	(108,502)	129,191
Remeasurements of defined benefit liability/asset	18	432	553
Related tax	7	(78)	12
Total items that will not be reclassified to profit or loss		(108,148)	129,756
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	19	238	(7,144)
Related tax	7	(68)	242
Total items that may be reclassified subsequently to profit or loss		170	(6,902)
Other comprehensive income for the year, net of tax		(107,978)	122,854
Total comprehensive income for the year		(141,276)	96,827

All comprehensive income is attributable to the equity holder of Transport for Wales.

The notes on pages 105 to 139 form an integral part of these financial statements.



Consolidated statement of financial position

at 31 March 2024

	Note	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment	8	3,851,840	3,361,950
Intangible assets	9	7,047	10,639
Goodwill	9	3,546	3,546
Total non-current assets		3,862,433	3,376,135
Current assets			
Inventories	11	14,032	11,965
Trade and other receivables	12	180,085	183,238
Cash and cash equivalents	13	42,117	66,835
Total current assets		236,234	262,038
Total assets		4,098,667	3,638,173
Current liabilities			
Trade and other payables	14	224,118	265,202
Lease liabilities	20	44,895	23,603
Provisions	15	240	356
Total current liabilities		269,253	289,161
Non-current liabilities			
Lease liabilities	20	391,714	175,735
Deferred government grants	17	1,957,602	1,551,277
Employee benefits	18	113	549
Provisions	15	2,099	2,289
Total non-current liabilities		2,351,528	1,729,850
Total liabilities		2,620,781	2,019,011
Net assets		1,477,886	1,619,162
Equity			
Retained surplus		9,872	8,393
Capital contribution reserve		11,097	11,097
Revaluation reserve		1,456,747	1,599,672
Hedging reserve		170	-
Total equity		1,477,886	1,619,162

These financial statements were approved by the Board of Directors on 26 June 2024 and were signed on its behalf by:

J R Price, Director
Company registered number: 9476013



Consolidated statement of changes in equity

for the year ended 31 March 2024

	Retained surplus £000	Capital contribution reserve £000	Revaluation reserve £000	Hedging reserve £000	Total equity £000
Balance at 1 April 2022	4,810	11,097	1,499,526	6,902	1,522,335
Total comprehensive income for the period					
Surplus	(26,027)	-	-	-	(26,027)
Other comprehensive income					
Revaluation of property, plant and equipment	-	-	129,191	-	129,191
Remeasurements of defined benefit liability/asset	553	-	-	-	553
Effective portion of changes in fair value of cash flow hedges	-	-	-	(7,144)	(7,144)
Tax on other comprehensive income	12	-	-	242	254
Total comprehensive income for the period	(25,462)	-	129,191	(6,902)	96,827
Transfer from Revaluation reserve to Retained surplus	29,045	-	(29,045)	-	-
Balance at 31 March 2023	8,393	11,097	1,599,672	-	1,619,162
Balance at 1 April 2023	8,393	11,097	1,599,672	-	1,619,162
Total comprehensive income for the period					
Deficit	(33,298)	-	-	-	(33,298)
Other comprehensive income					
Revaluation of property, plant and equipment	-	-	(108,502)	-	(108,502)
Remeasurements of defined benefit liability/asset	432	-	-	-	432
Effective portion of changes in fair value of cash flow hedges	-	-	-	238	238
Tax on other comprehensive income	(78)	-	-	(68)	(146)
Total comprehensive income for the period	(32,944)	-	(108,502)	170	(141,276)
Transfer from Revaluation reserve to Retained surplus	34,423	-	(34,423)	-	-
Balance at 31 March 2024	9,872	11,097	1,456,747	170	1,477,886

All equity is attributable to the equity holder of Transport for Wales.



Consolidated statement of cash flows

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Surplus/(deficit) for the year		(33,298)	(26,027)
Adjustments for:			
Depreciation, amortisation and impairment	8 and 9	127,881	122,550
Release of deferred government grants		(45,748)	(52,555)
Finance expense		6,886	2,130
Taxation	7	2,604	(4,558)
(Increase)/decrease in inventory	11	(2,067)	(2,622)
(Increase)/decrease in trade and other receivables	12	(40,879)	(17,212)
Increase/(decrease) in trade and other payables	14	391	44,874
Increase/(decrease) in provisions and employee benefits	15	(454)	(932)
Tax received/(paid)	7	(27)	279
Net cash from operating activities		15,289	65,927
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(491,969)	(535,458)
Proceeds from the disposal of property, plant and equipment	8	31	-
Acquisition of intangibles		(1,407)	(1,486)
Proceeds from the receipt of capital government grants	17	493,023	504,206
Net cash from investing activities		(322)	(32,738)
Cash flows from financing activities			
Interest paid		(591)	-
Payment of lease liabilities		(39,094)	(30,120)
Net cash from financing activities		(39,685)	(30,120)
Net increase in cash and cash equivalents		(24,718)	3,069
Cash and cash equivalents at 1 April		66,835	63,766
Cash and cash equivalents at 31 March		42,117	66,835



Company statement of financial position

at 31 March 2024

	Note	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment	8	3,162,888	2,929,809
Intangible assets	9	2,762	3,159
Investments	10	11,097	11,097
Total non-current assets		3,176,747	2,944,065
Current assets			
Inventories	11	31	19
Trade and other receivables	12	140,072	165,211
Cash and cash equivalents	13	26,776	35,056
Total current assets		166,879	200,286
Total assets		3,343,626	3,144,351
Current liabilities			
Trade and other payables	14	161,340	194,507
Lease liabilities	20	1,010	1,206
Provisions	15	240	356
Total current liabilities		162,590	196,069
Non-current liabilities			
Lease liabilities	20	10,617	12,080
Deferred government grants	17	1,693,701	1,321,722
Employee benefits	18	55	16
Provisions	15	2,099	2,289
Total non-current liabilities		1,706,472	1,336,107
Total liabilities		1,869,062	1,532,176
Net assets		1,474,564	1,612,175
Equity			
Retained surplus		6,720	1,406
Capital contribution reserve		11,097	11,097
Revaluation reserve		1,456,747	1,599,672
Total equity		1,474,564	1,612,175

These financial statements were approved by the Board of Directors on 26 June 2024 and were signed on its behalf by:

J R Price, Director
Company registered number: 9476013



Company statement of changes in equity

for the year ended 31 March 2024

	Retained surplus £000	Capital contribution reserve £000	Revaluation reserve £000	Total equity £000
Balance at 1 April 2022	700	11,097	1,499,526	1,511,323
Total comprehensive income for the period				
Surplus	(28,945)	-	-	(28,945)
Other comprehensive income				
Revaluation of property, plant and equipment	-	-	129,191	129,191
Remeasurements of defined benefit liability/asset	606	-	-	606
Total comprehensive income for the period	(28,339)	-	129,191	100,852
Transfer from Revaluation reserve to Retained surplus	29,045	-	(29,045)	-
Balance at 31 March 2023	1,406	11,097	1,599,672	1,612,175
Balance at 1 April 2023	1,406	11,097	1,599,672	1,612,175
Total comprehensive income for the period				
Deficit	(29,228)	-	-	(29,228)
Other comprehensive income				
Revaluation of property, plant and equipment	-	-	(108,502)	(108,502)
Remeasurements of defined benefit liability/asset	119	-	-	119
Total comprehensive income for the period	(29,109)	-	(108,502)	(137,611)
Transfer from Revaluation reserve to Retained surplus	34,423	-	(34,423)	-
Balance at 31 March 2024	6,720	11,097	1,456,747	1,474,564



NOTES

Forming part of the financial statements

Transport for Wales (“the Company”) is a company limited by guarantee incorporated, domiciled and registered in England and Wales in the UK. The registered number is 09476013 and the registered address is 3 Llys Cadwyn, Taff Street, Pontypridd CF37 4TH. The Company is a wholly controlled subsidiary of the Welsh Ministers (a body defined in the Welsh Government Act 2006) and therefore the Welsh Government is regarded as a related party.

1. Accounting Policies

Basis of preparation

The consolidated financial statements for Transport for Wales and its subsidiaries (together “the group” or “TfW”) have been prepared and approved by the directors in accordance with UK-adopted international accounting standards (“IFRS”).

The parent company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The Parent Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes
- Certain disclosures regarding revenue
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements are prepared on the historical cost basis except for the Core Valley Lines (CVL) rail network asset and certain financial assets and liabilities (including derivatives) measured at fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Newly adopted IFRSs and IFRSs issued but not yet applied

A small number of newly adopted IFRS or amendments to IFRS have been adopted in these financial statements for the first time. The only newly adopted standard with impact on comparatives in the prior period is Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), for which Note 16 has been adjusted to show the gross IFRS 16 lease right of use assets and liabilities with no impact on the net deferred tax position. In addition, a number of Adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements as their effective dates will apply to future financial statements. Their adoption is not expected to have a material effect on the financial statements.

Going concern

The Company’s directors have at the time of approving the financial statements, a reasonable expectation (based on assurance as set out below) that TfW will have adequate funding allocated from the Welsh Government to fulfil its operational remit and to continue in operational existence for the going concern period for at least 12 months from the signing date of these financial statements.

The Welsh Government has issued TfW with a remit letter, which set out the priorities for TfW over the current term of government to 2026. TfW also receives an annual funding letter, the most recent of which covers the financial year ending 31 March 2025.



In addition, the Welsh Government has provided a letter of support setting out its intention to continue to provide funding (including continuing funding for Transport for Wales Rail Limited) for at least 12 months from the signing date of these accounts. This support would be expected to continue even in a downside scenario (see the Resilience Statement for further considerations).

Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting judgements

The key judgements TfW makes in applying its accounting policies are in relation to the valuation of the CVL rail network valuation, in particular in relation to the depreciation period (see depreciation policy), and the assumptions used to arrive at the estimates for remaining useful lives, land compensation costs and risk. Further detail on these assumptions and their sensitivity is set out in note 8.

Key sources of estimation uncertainty

TfW makes estimates and assumptions based on historical experience and other factors that are considered to be relevant. These estimates and assumptions are reviewed on an ongoing basis and revisions are recognised in the period in which the estimate is revised.

The main estimate impacting on the current financial year is the valuation of the CVL rail network asset (see note 8).

Revenue

TfW has six income categories:

- Government grants (resource and capital grants from the Welsh Government and other government bodies)
- Other projects with the Welsh Government
- Franchise subsidy income
- Passenger revenue
- Rail maintenance revenue
- Other revenue

Government grants

Welsh Government resource grant

The resource grant TfW receives from the Welsh Government is for the reimbursement of operating costs that TfW has incurred or will incur. The grant in relation to reimbursement of operating costs will be recognised as income in the period when the relevant expenses are incurred, with the remaining balance due to/from Welsh Government being recognised as deferred or accrued income in the statement of financial position. Income in relation to the Company's operating costs is a separate line item on the income statement.

Welsh Government capital grant

TfW receives grants from the Welsh Government in relation to capital expenditure within its remit, as well as expensed costs which are eligible for capital budget funding under HMT Consolidated Budgeting Guidance. For grant funding in relation to TfW capitalised spend, TfW has chosen to present the grant as deferred income rather than deduct the grant from the carrying amount of the asset. The income is recognised in the income statement to match with the relevant costs. For a capital grant, this means recognising the income over the useful life of the asset so that the grant is matched with the depreciation charge (i.e. the relevant cost). Capital grant funding in relation to expensed costs is recognised as income in the period when relevant expenses are incurred. Any difference between grant funded spend and grant received is recognised as a balance due to/from Welsh Government in the statement of financial position.



Other government grants

In addition to grants received from the Welsh Government, TfW receives grants from the European Regional Development Fund (ERDF) in relation to the CVL transformation project (previously received by Welsh Government but now paid directly to TfW as the lead beneficiary role has transferred to TfW). These grants are accounted for in the same manner as Welsh Government grants. As ERDF funding is paid in arrears, accrued funding is recognised to the value of the works expected to be funded by ERDF but the grant has not yet been received. This is presented as accrued other government grant funding within receivables. TfW also receives a number of smaller grants from other government bodies as contributions for specific projects.

Other projects with the Welsh Government

The Welsh Government can commission TfW to perform other works/services which result in a direct provision of services to the Welsh Government.

The amount of revenue recognised over time is measured by the progress towards complete satisfaction of the performance obligation (the scope of works identified within the project). TfW has elected to base the measurement of revenue on an input method on the basis of costs incurred.

Franchise subsidy income

Franchise subsidy income represents amounts due to Transport for Wales Rail Limited from the Welsh Government under the OLR grant agreement to subsidise the net operating loss of the company (after passenger and other revenue), as well as funding certain capital asset spend.

The release of franchise subsidy income to the income statement is aligned to the relevant spend (or asset depreciation in respect of capital funding).

Passenger revenue

Passenger income represents amounts agreed as attributed to Transport for Wales Rail Limited by the income allocation systems of the Rail Settlement Plan Limited ("RSP"), mainly in respect of passenger receipts. RSP administers the income allocation system within the UK rail industry and allocates revenue to operators principally on agreed models of route usage. Income is principally attributed based on models of certain aspects of passengers' travel patterns and, to a lesser extent, from allocations agreed for specific revenue flows. The attributed share of season ticket income can involve some estimation – for example revenue is deferred within creditors and released to the Income Statement over the year of the relevant season ticket.

Revenue is deferred when passengers purchase tickets for travel in future financial periods or season tickets. This is then released in the same financial period as the length of the travel or season ticket.

Rail maintenance revenue

Rail maintenance income represents revenue generated by Pullman Rail Limited from the provision of rolling stock repair and maintenance services to the rail industry. Revenue is recognised over time, with the amount recognised measured by the progress towards complete satisfaction of the the scope of works identified within each contract. The Company has elected to base the measurement of revenue on an input method on the basis of costs incurred, as it is unable to accurately measure the outcome of contracts in progress but expects to recover the costs incurred.

Contract costs

The costs incurred in fulfilling third-party contracts are recognised as an asset as long as the costs relate directly to a contract or to an anticipated contract, the costs generate or enhance resources that will be used to satisfy performance obligations in the future; and the costs are expected to be recovered. General and administrative costs or costs that relate to satisfied performance obligations in the contract are expensed when incurred. A contract asset is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.



Financial instruments

Financial assets

The Group holds two different types of financial asset, which are categorised according to the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset:

- Trade, intergroup and other receivables which are categorised as held at amortised cost. These are non-derivative financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. These assets are subsequently measured at nominal value. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
- Derivative fuel hedge financial instruments which are categorised at fair value through profit and loss with the effective part of the hedge recognised in the hedging reserve – see Derivatives below.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. The Group's financial liabilities constitute trade payables which are subsequently measured at amortised cost, using the effective interest rate method, and any derivative financial instruments classed as liabilities at the balance sheet date.

Derivatives and hedging activities

The Group accounts for one derivative item, a fixed cash flow hedge for rolling stock fuel, which is used to hedge its exposure to fuel price fluctuation. This is recognised at fair value. The effective part of the gain or loss on the fuel hedge is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

Property, plant and equipment

Assets are recognised initially at cost, which comprises purchase price or construction cost, as well as any costs attributable to bringing the assets to the location and condition necessary for it to be capable of operating (e.g. directly attributable employee costs, cost of site preparation and clearance, initial delivery and handling costs, installation and assembly costs and professional fees).

The Rail Network Assets category is subsequently measured at its fair value – see below. In addition, other operational rail infrastructure and property assets which do not form part of the CVL rail network are also revalued. Other categories of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Rail Network and other rail infrastructure

On 28 March 2020, TfW acquired certain Rail Network Assets known as the Core Valley Lines (CVL) from Network Rail. This acquisition comprised the Aberdare, Coryton, Merthyr Tydfil, Rhymney and Treherbert lines.

These railway infrastructure, stations, bridges and other assets are part of a specialised integrated network servicing a geographical area and therefore have been treated equivalently to the guidance under HMT's Government Financial Reporting Manual ("FReM") for networked assets (which TfW's parent, the Welsh Government, applies in its consolidated accounts). We consider that this approach is reasonable under IFRS given that IAS 16 is less prescriptive in its valuation, and the FReM provides additional interpretations.

Other TfW-owned rail-related property assets which are part of the Network Rail-owned route and not part of CVL are included as other rail infrastructure and revalued separately to the CVL rail network.

The CVL network fair value is based on Depreciated Replacement Cost ("DRC"), because it is a specialised asset used to deliver a service to the public. To produce this valuation requires the use of assumptions, estimates and professional judgement.



The DRC is calculated by first determining a gross replacement cost for the CVL network. The gross replacement cost is then adjusted (or “depreciated”) to reflect management’s best estimate of the condition and capacity of the CVL network; this adjusted gross replacement cost is the depreciated replacement cost.

The gross replacement cost is determined in line with guidelines issued by the Royal Institute of Chartered Surveyors. The guidelines require specific assumptions including:

- a modern equivalent asset which is treated as being a network identical in function, scale and connectivity, but constructed using modern specifications and methods; and
- instantaneous build on a green-field site.

To arrive at the final DRC valuation, the gross replacement value is adjusted to reflect management’s best estimate of the remaining useful lives of the assets, taking into account the condition and capacity of the network. A full valuation takes place at least every five years, with inflation indices applied to a standard price list of the network’s components in interim periods. Judgement is required to determine the nature of a modern equivalent asset and the current condition of the assets.

Modern Equivalent Asset valuation uses repeatable ‘components’ which are aggregated to form the network. These components are:

- Earthworks
- Structures
- Electrification, plant and signals
- Operational property
- Track
- Telecoms.

All renewals that maintain the service potential of the rail network are capitalised. Subsequent expenditure that adds to the services or life of the CVL network is capitalised.

Enhancements and renewals of the CVL asset are included as a single amount at cost as assets under construction, until they are brought into use, at which point the asset is transferred into the Rail Network category and valued at DRC.

Upwards movements in value are taken to the revaluation reserve. Downwards movements in value are set off against any credit held in the revaluation reserve until the credit is exhausted and thereafter expensed in the Income Statement.



Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for assets held at cost are as follows:

- Fixtures and fittings 5-7 years
- Plant and machinery 5-10 years
- Buildings ≤ 25 years
- Improvement to property 2 years
- Computer equipment 3-5 years
- Motor vehicles 3 years
- Rolling stock ≤ 35 years

The components of the railway network are depreciated over their estimated remaining useful economic lives. These are typically weighted averages for a range of components, given the complexity of these structures. These weighted averages are summarised below:

- Earthworks 93 years
- Structures 24 years
- Signalling 16 years
- Electrification and plant 37 years
- Operational property 25 years
- Track 14 years
- Telecoms 6 years

This is a critical judgement based on the data available to TfW, and careful judgement is required in some cases, especially for components that are rarely replaced, such as structures and earthworks. Some components are capable of very long lives, however for the annual depreciation calculation, remaining lives are capped at 100 years due to inherent uncertainty beyond that period.

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

Intangible assets and goodwill

Intangible assets largely comprise software and intellectual property licences which are amortised over 5-10 years and customer relationship assets resulting from the acquisition of Pullman Rail Limited which are amortised over 5 years. In addition the Group holds goodwill related to the acquisition of Pullman Rail in 2021/22 that is not amortised but is tested annually for impairment.



Employee benefits

Pension plans

The Group sponsors two defined benefit pension plans as well as defined contribution plans expensed in the income statement. The defined benefit plans are:

- TfW's section of the Railways Pension Scheme (RPS) in respect of staff who transferred to TfW from Network Rail as part of the CVL assets acquisition
- Transport for Wales Rail Limited's section of the Railways Pension Scheme in respect of staff transferring from Keolis Amey under the Operator of Last Resort arrangements

RPS is a pension scheme which covers the whole of the UK rail industry. In contrast to the pension schemes operated by most businesses, RPS is a shared cost scheme which means that costs are formally shared 60% employer and 40% employee. The Group only recognises amounts in relation to its share of costs in the income statement. The accounting for each section of the scheme differs as set out below:

TfW section

The Group's net obligation in respect of the TFW Section is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted, with a final adjustment to recognise the employer's share of the net liability as set out above.

The Group determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset). The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

TfWRL section

The Group is only obligated to fund the TfWRL section of the scheme over the duration of the Operator of Last Resort Grant Agreement. At the end of the contract term, responsibility for funding the relevant section of the scheme, and consequentially any deficit or surplus existing at that date, is passed to the next operator or back to the Welsh Government. As there is no requirement to make contributions to fund the current deficit, it is assumed that all of the current deficit will be funded by the next operator or the Welsh Government. Therefore, at each balance sheet date, a 'franchise adjustment' is recognised to offset the amount of the net pension asset or liability. The contract adjustment franchise adjustment is measured at the amount expected to be passed on to the next operator or the Welsh Government at the end of the Operator of Last Resort Grant Agreement.

When service costs are recognised in the income statement, a 'franchise adjustment' offsets an element of the service costs that would otherwise remain after reflecting the cost sharing with the members. This reflects the company's understanding of the legal position that some of the service costs in the current year will be funded in future years beyond the term of the current franchise and committed contributions. In the absence of specific guidance on this matter, the Directors believe that recognising a 'franchise adjustment' in the income statement to offset the excess service costs is the most appropriate reflection of the value of services attributable to the Company, and more accurately reflects the expense incurred by the Company in respect of operating the franchise contract.



Under circumstances where contributions are renegotiated, such as following a statutory valuation, an adjustment will be recognised in the income statement, whilst changes in actuarial assumptions continue to be recognised through other comprehensive income.

The Directors consider this to be the most appropriate interpretation of IAS 19 to reflect the specific circumstances of the franchise agreement with the Welsh Government where the contract commitment is only to pay contributions during the duration of the Operator of Last Resort Grant Agreement.

An alternative approach would involve not limiting the measurement of the service cost through the recognition of an income statement 'contract franchise adjustment' but recognising all changes in the 'contract franchise adjustment' in Other Comprehensive Income.

Provisions

The Group's provisions relate to dilapidations for certain property leases and self-insurance claims relating to the CVL infrastructure.

A dilapidations provision is capitalised as part of the cost of the asset at the inception of property leases when, as a result of leasehold improvements made at the inception of the leases, significant expenditure will be required to return the property to its condition at commencement of the lease. The value of the provision is based on the net present value of future cash flows expected to settle the liability at the end of the lease and is reviewed at each balance sheet date. The discount is unwound through the income statement until the end of the lease period.

The self-insurance provision is expected to fully unwind in the next period and as such no discounting is required. The provision represents the best estimate of the expenditure required to settle the claims at the balance sheet date.

Leases

As a lessee

The Group holds a number of leases, primarily in relation to rail rolling stock as well as certain property assets.

At the lease commencement date (generally when the asset is made available for use), the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset (e.g. dilapidation costs), less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Track, depot and station access charges

Transport for Wales Rail Limited incurs track, station and depot access charges from Amey (in respect of CVL) and Network Rail (in respect of the rest of the rail network) which do not meet the definition of a lease under IFRS 16. This reflects the fact that either no identified asset exists or that the Group does not have the right to obtain substantially all of the economic benefits from the use of the assets throughout the period of use, or that Network Rail/Amey, not the Group, direct how and for what purpose the assets are used.



2. Revenue from contracts with customers

Disaggregation of revenue

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition.

	2024 £000	2023 £000
Major products/service lines		
Core Welsh Government revenue grant	42,581	43,641
Capital Welsh Government grant release in line with depreciation and impairment	45,748	52,555
Core Welsh Government capital grant (expensed)	22,840	24,791
Other Welsh Government consultancy projects	15,805	10,994
Franchise subsidy	345,620	262,808
Passenger receipts	148,397	129,282
Rail maintenance revenue	30,572	24,430
Other income	66,316	79,295
Total	717,879	627,796
Timing of transfer of goods or services		
Grant income accounted under IAS 20	442,885	369,326
Products and services transferred at a point in time	214,532	211,006
Products and services transferred over time	52,958	42,585
Rental income accounted for under IFRS 16	7,504	4,879
Total	717,879	627,796

Other revenue includes transport consultancy and contact centre services provided to third parties, rental income, station access charges, fuel sales, maintenance income, on-train catering sales and recharges.

Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers excluding grant income.

	Note	Group		Company	
		2024 £000	2023 £000	2024 £000	2023 £000
Receivables (trade and due from other group companies)	12	34,761	22,555	24,559	26,936
Contract assets (accrued income)	12	16,845	17,580	7,157	9,878
Contract liabilities (deferred income)	14	(20,687)	(20,254)	(15,977)	(14,205)
Total		30,919	19,881	15,739	22,609



The contract assets relate to TfW's rights to consideration for work completed but not billed at the reporting date on services provided to the Welsh Government and third-party customers (accrued income). The contract assets are transferred to receivables when the rights become unconditional. All contract assets are expected to be invoiced during 2024/25.

The contract liabilities relate to advance consideration received from customers for services. The balance at the end of the year will be recognised as revenue when the performance obligations are performed which is expected to be during 2024/25.

Assets recognised from costs to fulfil contracts

TfW recognises the costs incurred in fulfilling third-party contracts with customers as an asset if these costs are expected to be recoverable. As at the statement of financial position date this asset amounted to £11,199,000 (2023: £6,395,000).

Transaction price allocated to the remaining performance obligations

All remaining performance obligations that are unsatisfied at the statement of financial position date have original expected durations of one year or less.

3. Auditor's remuneration

	2024 £000	2023 £000
Audit of these financial statements	111	100
Audit of subsidiary financial statements	244	233
Audit-related assurance services	6	11
Total	361	344



4. Employee numbers and costs

	Number of Employees (FTE)	
	2024	2023
Central services and rail procurement, mobilisation and contract management	258	262
Rail operations (including on-train catering and cleaning)	3,517	3,214
Rail maintenance	224	195
Consultancy services	120	94
Customer engagement centre	71	42
Total	4,190	3,807

The aggregate payroll costs of these persons were as follows:

	2024 £000	2023 £000
Wages and salaries	225,293	186,629
Social security costs	21,548	18,937
Contributions to defined contribution plans	2,401	2,075
Current service cost	12,159	9,889
Settlement cost	117	-
Total	261,518	217,530



5. Directors' remuneration

	2024 £000	2023 £000
TfW Directors remuneration through payroll	540	413
TfW Company contributions to money purchase pension plans	12	11
Total	552	424

In addition to the above, TfW paid the Welsh Government £146,000 in relation to the services of directors seconded from the Welsh Government. No such payments were made during 2023/24.

Retirement benefits are accruing to one director under a money purchase scheme (2023: one).

6. Finance income and expense

	2024 £000	2023 £000
Interest on loan from parent company	571	310
Interest expense on lease liabilities	6,193	1,494
Unwind of discount on provisions	81	55
Net interest on net defined benefit pension plan liability	23	29
Other interest payable	18	-
Total	6,886	1,888



7. Taxation

Recognised in the income statement

	2024 £000	2023 £000
Current tax expense		
Current year	-	11
Adjustment for prior years	43	(12)
Total current tax expense/(credit)	43	(1)
Deferred tax expense		
Origination and reversal of temporary differences	2,561	(367)
Adjustments in respect of prior periods	-	(4,007)
Effect of changes in tax rate	-	(116)
Total deferred tax expense/(credit)	2,561	(4,490)
Total tax expense/(credit)	2,604	(4,491)

Recognised in other comprehensive income

	2024 £000	2023 £000
Remeasurements of defined benefit liability/asset	78	(12)
Effective portion of changes in fair value of cash flow hedges	68	(242)
Total	146	(254)

The current UK tax rate that has been used for the year is 25% (2023: 19%).

Reconciliation of effective tax rate

	2024 £000	2023 £000
Deficit for the year	(33,298)	(26,027)
Total tax expense/(credit)	2,604	(4,491)
Deficit excluding tax	(30,694)	(30,518)
Tax using the current UK corporation tax rate of 25% (2023: 19%)	(7,674)	(5,798)
Expenses or income not deductible	7,963	5,442
Change in tax rate for deferred tax calculation	-	(116)
Movement in deferred tax not recognised	2,315	-
Adjustments in respect of previous periods	-	(4,019)
Tax charge/(credit) for the year	2,604	(4,491)



8. Property, plant and equipment

Group

	Rail Network and other rail infrastructure £000	Other land, buildings and leasehold improvement £000	Plant and equipment fixtures and fittings £000	Rolling stock £000	Assets under construction (AUC) £000	Total
Cost						
Balance at 1 April 2022	2,034,560	32,572	27,784	186,731	474,457	2,756,104
Additions	23,096	634	1,829	127,557	516,767	669,883
Transfers from AUC	-	179	10,672	10,828	(21,679)	-
Adjustments to capital provisions	-	(502)	-	-	-	(502)
Disposals	-	(344)	(91)	-	-	(435)
Revaluations	77,544	-	-	-	-	77,544
Impairment losses	-	-	-	-	(10,533)	(10,533)
Balance at 31 March 2023	2,135,200	32,539	40,194	325,116	959,012	3,492,061
Balance at 1 April 2023	2,135,200	32,539	40,194	325,116	959,012	3,492,061
Additions	-	78	123	270,602	452,475	723,278
Transfers from AUC	282,773	14	15,202	39,131	(337,120)	-
Transfers between categories	-	6,585	107	(6,692)	-	-
Adjustments to capital provisions	-	(269)	-	-	-	(269)
Disposals	(20)	(676)	(43)	-	-	(739)
Revaluations	(165,538)	-	-	-	-	(165,538)
Impairment losses	-	-	(1)	-	-	(1)
Balance at 31 March 2024	2,252,415	38,271	55,582	628,157	1,074,367	4,048,792
Depreciation and impairment						
Balance at 1 April 2022	322	3,584	5,093	65,118	-	74,117
Depreciation charge	51,798	2,390	6,823	47,065	-	108,076
Revaluations	(51,647)	-	-	-	-	(51,647)
Disposals	-	(344)	(91)	-	-	(435)
Balance at 31 March 2023	473	5,630	11,825	112,183	-	130,111
Balance at 1 April 2023	473	5,630	11,825	112,183	-	130,111
Depreciation charge	57,280	2,442	10,178	53,979	-	123,879
Revaluations	(57,036)	-	-	-	-	(57,036)
Disposals	-	-	(2)	-	-	(2)
Balance at 31 March 2024	717	8,072	22,001	166,162	-	196,952
Net book value						
Balance at 1 April 2022	2,034,238	28,988	22,691	121,613	474,457	2,681,987
At 31 March 2023 and 1 April 2023	2,134,727	26,909	28,369	212,933	959,012	3,361,950
Balance at 31 March 2024	2,251,698	30,199	33,581	461,995	1,074,367	3,851,840



Company

	Rail Network and other rail infrastructure £000	Other land, buildings and leasehold improvement £000	Plant and equipment fixtures and fittings £000	Rolling stock £000	Assets under construction £000	Total
Cost						
Balance at 1 April 2022	2,034,560	22,229	2,386	-	380,294	2,439,469
Additions	23,096	265	1,808	-	404,901	430,070
Adjustments to capital provisions	-	(502)	-	-	-	(502)
Disposals	-	(344)	(91)	-	-	(435)
Revaluations	77,544	-	-	-	-	77,544
Impairment losses	-	-	-	-	(10,533)	(10,533)
Balance at 31 March 2023	2,135,200	21,648	4,103	-	774,662	2,935,613
Balance at 1 April 2023	2,135,200	21,648	4,103	-	774,662	2,935,613
Additions	-	7	-	-	402,285	402,292
Transfers from AUC	282,773	-	812	-	(283,585)	-
Adjustments to capital provisions	-	(269)	-	-	-	(269)
Disposals	(20)	(676)	(11)	-	-	(707)
Revaluations	(165,538)	-	-	-	-	(165,538)
Impairment losses	-	-	-	-	-	-
Balance at 31 March 2024	2,252,415	20,710	4,904	-	893,362	3,171,391
Depreciation and impairment						
Balance at 1 April 2022	322	2,672	899	-	-	3,893
Depreciation charge	51,798	1,454	741	-	-	53,993
Revaluations	(51,647)	-	-	-	-	(51,647)
Disposals	-	(344)	(91)	-	-	(435)
Balance at 31 March 2023	473	3,782	1,549	-	-	5,804
Balance at 1 April 2023	473	3,782	1,549	-	-	5,804
Depreciation charge	57,280	1,486	971	-	-	59,737
Revaluations	(57,036)	-	-	-	-	(57,036)
Disposals	-	-	(2)	-	-	(2)
Balance at 31 March 2024	717	5,268	2,518	-	-	8,503
Net book value						
Balance at 1 April 2022	2,034,238	19,557	1,487	-	380,294	2,435,576
At 31 March 2023 and 1 April 2023	2,134,727	17,866	2,554	-	774,662	2,929,809
Balance at 31 March 2024	2,251,698	15,442	2,386	-	893,362	3,162,888



Property, plant and equipment under construction

Assets under the course of construction comprise the programme of capital works being carried out by TfW to support development and renewal of the South Wales Metro and design works relating to the new Cardiff bus interchange. The wider group balance also includes capital costs in relation to the introduction of new fleet, refurbishment of existing fleet, the Station Improvement Programme and new or upgraded retained and IT equipment.

Impairment and constructive loss

During the prior year (2022/23), the decision was taken to cease the Llanwern Major Event Stabling Line project. As such, development costs of £10.54m that had been incurred since 2018 and treated as an asset under construction are now considered irrecoverable, and as they have no foreseeable future value at this time, an impairment loss has been recognised. This impairment is also considered as a Constructive Loss under the definitions set out in Managing Welsh Public Money.

Core Valley Lines revaluation

The CVL network fair value is based on Depreciated Replacement Cost (DRC), because it is a specialised asset used to deliver a service to the public. The valuation of the CVL is revised each year based on the latest available information from asset condition surveys and construction costs. This valuation is performed by TfW, with support from Atkins Limited (professional valuers) using data provided by TfW.

To produce this valuation requires the use of assumptions, estimates and professional judgement (see note 1 for a description of the process to produce the valuation).

The key assumptions within the valuation are considered to be:

- Asset lives and remaining asset lives of the network components – the valuation applies an adjustment to the gross replacement cost to reflect the estimated level of accumulated depreciation based on management’s judgement of the remaining useful lives of the existing network components as a proportion of the estimated useful lives of the components if new. Different methodologies are applied to each component using the data available at the time of preparing the estimates. These estimates are complex and require the use of judgement and estimation, which results in a degree of estimation uncertainty. TfW gathers renewed data on the assets (e.g. asset condition) via on an ongoing basis via rolling inspection plans, and the assumptions are being adjusted where the latest data suggests this is appropriate.
- Land compensation adjustment – a 45% uplift is applied to the land market value to reflect the estimated cost of Compulsory Purchase Orders and potential compensation payments to adjacent landowners. As TfW does not purchase large parcels of land, this estimate reflects the experience of Welsh Government and is also used for trunk road network valuations. This figure was last revised in 2022 following a review of recent compensation costs paid by Welsh Government. Management considers the 45% is an appropriate figure to use, but there is a degree of estimation uncertainty.
- Risk factor – after allowing for known costs in constructing assets, there remain unknown and localised costs that are captured using a risk factor of 37.8%. This is arrived at using a build up of the various types of risk that can arise (for example technology, weather, physical access, skills and resource availability, supply chain) weighted based on their level of applicability to a project to construct a modern equivalent CVL network (which is assumed to be at a stage where asset requirement is known but detailed design development is ongoing). Given that the project is conceptual in nature and the scale of the build project, this risk factor is inherently judgemental and thus has a degree of estimation uncertainty.



The following sensitivity analysis reflects the key sources of estimation uncertainty in the valuation, showing the impact of changes in assumptions on the overall value of the rail network asset (excluding other rail infrastructure).

- Scenario 1 shows the impact of increasing or decreasing the remaining asset lives of the components of the modern equivalent railway network by 10%.
- Scenario 2 shows the impact if the land compensation adjustment (normally 45%) were to increase or decrease by 10%; i.e. a compensation adjustment of 35% or 55% respectively.
- Scenario 3 shows the impact of an adjustment to the risk factor applied to the overall DRC valuations, currently 37.8%, by an increase or decrease of 10%, effectively showing risk factors of 47.8% and 27.8%.

Type	Depreciated Replacement cost (-) £m	Depreciated Replacement cost £m	Depreciated Replacement cost (+) £m
Base value	-	2,239	-
Scenario 1	(163)	-	163
Scenario 2	(42)	-	42
Scenario 3	(118)	-	118

The model applies indexation to unit rates in years inbetween full unit rate reassessment. The index used is CPI-H for land and CPI for all other asset categories. The non-land index has been changed this year from RPI to CPI as the Company believes CPI is a more appropriate rate for applying to infrastructure spend based on the basket of goods used to calculate the index. This change has been treated as a change in accounting estimate and applied prospectively from 2023-24.

Lease right-of-use assets

At 31 March 2024, property, plant and equipment includes lease right-of-use assets recognised under IFRS 16 as follows:

	Land and buildings £000	Rolling stock £000	Other £000	Total £000
Group	15,562	398,046	465	414,073
Company	9,927	-	-	9,927

Reconciliation to group statement of cash flows

	2024 £000	2023 £000
Tangible additions (note 8)	723,278	669,883
Movement in capital creditors	39,609	(6,135)
Recognition of dilapidations provision	(271)	(502)
Capitalised lease right-of-use assets	(270,685)	(127,788)
Payments to acquire capital assets per statement of cash flows	491,931	535,458



9. Intangible assets

Group

	Goodwill £000	Customer relationships £000	Data models £000	Software and IP licences £000	Assets under construction (AUC) £000	Total £000
Cost						
Balance at 1 April 2022	3,546	2,367	3,137	11,941	729	21,720
Additions	-	-	-	3	486	489
Transfers from AUC	-	-	-	798	(798)	-
Balance at 31 March 2023	3,546	2,367	3,137	12,742	417	22,209
Balance at 1 April 2023	3,546	2,367	3,137	12,742	417	22,209
Additions	-	-	-	1	406	407
Impairments	-	-	-	-	-	-
Transfers from AUC	-	-	-	738	(738)	-
Balance at 31 March 2024	3,546	2,367	3,137	13,481	85	22,616
Amortisation and impairment						
Balance at 1 April 2022	-	531	523	2,963	-	4,017
Amortisation for the year	-	742	523	2,742	-	4,007
Balance at 31 March 2023	-	1,273	1,046	5,705	-	8,024
Balance at 1 April 2023	-	1,273	1,046	5,705	-	8,024
Amortisation for the year	-	595	523	2,881	-	3,999
Balance at 31 March 2024	-	1,868	1,569	8,586	-	12,023
Net book value						
Balance at 1 April 2022	3,546	1,836	2,614	8,978	729	17,703
At 31 March 2023 and 1 April 2023	3,546	1,094	2,091	7,037	417	14,185
Balance at 31 March 2024	3,546	499	1,568	4,895	85	10,593



Company

	Data models £000	Software and IP licences £000	Assets under construction (AUC) £000	Total £000
Cost				
Balance at 1 April 2022	3,137	-	729	3,866
Additions	-	-	486	486
Impairments	-	-	-	-
Transfers from AUC	-	798	(798)	-
Balance at 31 March 2023	3,137	798	417	4,352
Balance at 1 April 2023	3,137	798	417	4,352
Additions	-	1	406	407
Impairments	-	-	-	-
Transfers from AUC	-	738	(738)	-
Balance at 31 March 2024	3,137	1,537	85	4,759
Amortisation and impairment				
Balance at 1 April 2022	523	-	-	523
Amortisation for the year	523	147	-	670
Balance at 31 March 2023	1,046	147	-	1,193
Balance at 1 April 2023	1,046	147	-	1,193
Amortisation for the year	523	281	-	804
Balance at 31 March 2024	1,569	429	-	1,997
Net book value				
Balance at 1 April 2022	2,614	-	729	3,343
At 31 March 2023 and 1 April 2023	2,091	651	417	3,159
Balance at 31 March 2024	1,568	1,108	85	2,762

The goodwill and customer relationships balances relate to the acquisition of Pullman Rail Limited in 2021/22. The Group tests goodwill annually for indicators of impairment – there are no indicators of impairment as at the balance sheet date.

Other intangible assets are made up of external data purchases and internal development relating to the North Wales and Mid and West Wales transport data models, as well as software, data model development relating to bus reform projects and a range of intellectual properties licences in relation to rail and other public transport delivery. The wider group balance also includes the licences for access to software and other intellectual property related to public transport service and infrastructure delivery.



10. Investments

The Company is a 100% shareholder in the following companies:

- Transport for Wales Rail Limited. This company was incorporated on 26 May 2020 with an investment of £1.
- Pullman Rail Limited. This company was acquired on 8 August 2021 for a consideration of £11,097,000.
- Wales Infrastructure Manager of Last Resort Limited. This company was incorporated on 18 September 2019 with an investment of £1. The company is current dormant.
- TfW Fibre Ltd. This company was incorporated on 7 February 2024 with an investment of £1.

The Company is also a 51% shareholder in TfW Innovation Services Limited.

All the above companies are registered in England and Wales and have the same registered address as Transport for Wales and all are consolidated in this set of financial statements.

During the year, the Company was also a 100% shareholder in PTI Cymru Holdings Limited. On 1 April 2022, TfW took ownership of PTI Cymru Holdings, a company limited by guarantee, along with its three subsidiary companies – PTI Cymru Ltd, PTI Cymru No.2 Ltd and PTI Cymru No.3 Ltd. All four companies were dissolved on 9 January 2024, following the transfer of the business into TfW during 2022/23.

On 20 March 2023, as a requirement of acquiring the leasehold on Cardiff Bus Interchange, TfW acquired 33% of the shares in Cardiff Interchange Manco Limited for consideration of £1. This company holds the head-lease for the Cardiff Interchange development and holds subleases to the Interchange tenants, including Transport for Wales. The company is not for profit and has no post-acquisition profit or loss – therefore it is excluded from consolidation on the grounds of materiality.

Company

	Investments in subsidiaries £000
Cost and net book value	
Balance at 1 April 2022	-
Additions	11,097
Balance at 31 March 2023	11,097
Balance at 1 April 2023	11,097
Additions	-
Balance at 31 March 2024	11,097



11. Inventories

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Raw materials and consumables	14,001	11,946	-	-
Finished goods	31	19	31	19
Total	14,032	11,965	31	19

12. Trade and other receivables

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Trade receivables	29,761	19,766	2,643	4,424
Receivables due from parent and other group companies	5,000	2,789	21,916	22,512
Contract assets (accrued income)	16,845	17,580	7,157	9,878
Accrued funding – core Welsh Government capital grant	7,555	76,994	7,555	76,994
Accrued funding – other government grants	60,610	15,655	60,610	15,655
Other receivables	36,416	42,112	28,736	34,175
Prepayments	23,241	7,278	11,455	1,573
Deferred tax (Note 16)	-	1,064	-	-
Derivative financial Instrument assets (Note 19)	657	-	-	-
Total	180,085	183,238	140,072	165,211

13. Cash and cash equivalents

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Cash and cash equivalents per statement of financial position	42,117	66,835	26,776	35,056
Cash and cash equivalents per statement of cash flows	42,117	66,835		



14. Trade and other payables

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Trade payables	32,568	40,685	1,615	8,457
Payables due to parent and other group companies	6,900	6,900	6,944	6,949
Other trade payables	5,819	4,810	1,711	2,144
Accrued expenses	139,954	175,641	124,070	150,817
Deferred income – core revenue grant	10,164	11,135	10,164	11,135
Deferred income – third party	20,687	20,254	15,977	14,205
Social security and other taxation	5,952	5,777	859	800
Deferred tax (Note 16)	1,643	-	-	-
Derivative financial instrument liabilities (Note 19)	431	-	-	-
Total	224,118	265,202	161,340	194,507

At the balance sheet date, the Company has an intercompany loan of £6.9m (2022: £6.9m) from Welsh Government in relation to the acquisition of Pullman Rail Limited in August 2021. The agreement stipulates an interest rate of "the Bank of England base rate plus 4%" and repayment terms to "as agreed between the parties from time to time". As the loan is technically repayable on demand, the loan has been classed as short-term.

15. Provisions

	Group and Company		
	CVL self-insurance £000	Dilapidations £000	Total £000
Opening balance	356	2,289	2,645
Change in estimate	(35)	(271)	(306)
Use of provision	(81)	-	(81)
Unwind of discount on provisions	-	81	81
Closing balance	240	2,099	2,339

Expected timing of cash flows

	Group and Company		
	CVL self-insurance £000	Dilapidations £000	Total £000
Less than one year	240	-	240
Later than five years	-	2,099	2,099
Total	240	2,099	2,339



16. Deferred tax – Group

The deferred tax liability/(asset) is made up of the balances below. The comparative in this note has been adjusted to present IFRS 16 right of use assets and liabilities separately in accordance with IAS 12 amendments on deferred tax.

	Balance at 1 April 2022 £000	Movement in other comprehensive income £000	Movement in income statement £000	Balance at 31 March 2023 £000
Non-current assets				
Property, plant and equipment	33,065	-	24,871	57,936
IFRS 16 lease right of use assets	-	-	64,165	64,165
Current assets				
Fuel hedge	242	(242)	-	-
Non-current liabilities				
Short-term provisions	(274)	-	1	(273)
Deferred capital grants	(29,356)	-	(28,033)	(57,389)
Pension liabilities	(1)	(12)	40	27
IFRS 16 lease right of use liabilities			(64,165)	(64,165)
Tax losses			(1,365)	(1,365)
Total	3,676	(254)	(4,486)	(1,064)

	Balance at 1 April 2023 £000	Movement in other comprehensive income £000	Movement in income statement £000	Balance at 31 March 2024 £000
Non-current assets				
Property, plant and equipment	57,936	-	9,075	67,011
IFRS16 lease right of use assets	64,165	-	61,620	125,785
Current assets				
Fuel hedge	-	68	-	68
Non-current liabilities				
Short-term provisions	(273)	-	273	-
Deferred capital grants	(57,389)	-	(7,902)	(65,291)
Pension liabilities	27	78	(112)	(7)
IFRS 16 lease right of use liabilities	(64,165)	-	(61,620)	(125,785)
Tax losses	(1,365)	-	1,227	(138)
Total	(1,064)	146	2,561	1,643



17. Capital government grants deferred

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Balance at 1 April	1,551,277	1,062,630	1,321,722	927,276
Additions	452,073	541,202	402,418	429,788
Release in line with asset depreciation/impairment	(45,748)	(52,555)	(30,439)	(35,342)
Balance at 31 March	1,957,602	1,551,277	1,693,701	1,321,722

£73.6m is expected to be released within 12 months in line with the depreciation charge on the grant-funded assets – this has been included as a non-current liability aligned to the presentation of the corresponding non-current assets.



18. Employee benefits

Defined contribution pension schemes

The total expense relating to defined contribution plans is as follows:

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Total expense	2,401	2,075	2,178	1,930

Defined benefit pension schemes

The Group operates two sections of the Railways Pension Scheme (RPS). The first is within Transport for Wales in respect of staff transferring to TfW from Network Rail as part of the CVL assets acquisition. The second is within Transport for Wales Rail Limited in respect of staff transferring as part of the OLR transition. The disclosures for each of these sections are set out below.

The directors believe that separate consideration should be given to the Transport for Wales Rail Limited section under IAS 19 "Employee benefits" as the company has no rights or obligations in respect of the scheme following expiry of the OLR Agreement.

Despite remaining open to new entrants and future accrual, the risks posed by the Transport for Wales Rail Limited RPS are limited as, under the OLR Agreement, the company is not responsible for any residual deficit at the end of the contract. As such, there is only short-term cash-flow risk within the business.

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
TfW section	55	16	55	16
Transport for Wales Rail Limited section	58	533	-	-
Total	113	549	55	16



TfW Section

Movement in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Balance at 1 April	2,229	3,081	(2,202)	(2,241)	27	840
Included in profit or loss						
Current service cost	229	443	-	-	229	443
Settlement cost	2,191	-	(1,896)	-	295	-
Administration costs	-	-	31	18	31	18
Interest cost/(income)	102	79	(106)	(60)	(4)	19
Included in OCI						
Remeasurements loss/(gain):						
Actuarial loss (gain) arising from:						
• Changes in demographic assumptions	(15)	(44)	-	-	(15)	(44)
• Change in financial assumptions	(63)	(1,420)	-	-	(63)	(1,420)
• Experience adjustment	65	254	-	-	65	254
Return on plan assets excluding interest income	-	-	(228)	160	(228)	160
Other						
Contributions paid by the employer	-	-	(175)	(173)	(175)	(173)
Contributions paid by the employee	-	-	(70)	(70)	(70)	(70)
Benefits paid	(154)	(164)	154	164	-	-
Scheme deficit	4,584	2,229	(4,492)	(2,202)	92	27
Adjustment for the members share of assets/liabilities	-	-	-	-	(37)	(11)
Balance at 31 March					55	16

Plan assets

	2024 £000	2023 £000
Growth assets	4,197	2,009
Bonds	269	167
Other assets	26	26
Total	4,492	2,202



Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2024	2023
Discount rate at 31 March	4.85%	4.75%
Price inflation	3.20%	3.30%
Future salary increases	3.20%	3.30%
Future pension increases	2.90%	2.95%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

	2024	2023
Male aged 65	19.7	19.8
Male currently aged 45	20.8	21.1
Female currently aged 65	22.1	23.8
Female retiree currently aged 45	23.4	23.8

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by 0.25 percent.

	2024 £000	2023 £000
Discount rate decrease	207	106
Discount rate increase	(194)	(99)
Price inflation decrease	(195)	(97)
Price inflation increase	207	98
Future salary increase	80	39

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 March 2024 would have increased by £160,000 (2023: £89,000).

The above sensitivities are based on the actuarial valuation of the scheme carried out as at 31 December 2022. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The Company expects to pay £181,000 in employer contributions to its defined benefit plans in the year ending 31 March 2025. The weighted average duration of the defined benefit obligation at the end of the reporting period is 18 years.



Transport for Wales Rail Limited section

Movement in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Balance at 1 April	562,447	807,597	(494,522)	(507,066)	67,925	300,531
Included in profit or loss						
Current service cost	19,589	28,294	-	-	19,589	28,294
Franchise adjustment to service cost	(8,617)	(19,657)	-	-	(8,617)	(19,657)
Administration costs	-	-	761	973	761	973
Interest cost/(income)	15,831	12,723	(14,170)	(8,062)	1,661	4,661
Interest on franchise adjustment	(1,636)	(4,644)	-	-	(1,636)	(4,644)
Included in OCI						
Remeasurements loss/(gain):						
Actuarial loss (gain) arising from						
• Changes in demographic assumptions	(5,824)	(5,624)	-	-	(5,824)	(5,624)
• Change in financial assumptions	(22,464)	(343,087)	-	-	(22,464)	(343,087)
• Experience adjustment	43,967	95,158	-	-	43,967	95,158
Return on plan assets excluding interest income	-	-	(30,739)	21,097	(30,739)	21,097
Other						
Contributions paid by the employer	-	-	(11,921)	(9,777)	(11,921)	(9,777)
Contributions paid by the employee	8,328	6,541	(8,328)	(6,541)	-	-
Benefits paid	(17,067)	(14,854)	17,067	14,854	-	-
Scheme deficit	594,554	562,447	(541,852)	(494,522)	52,702	67,925
Adjustment for the members share of assets/liabilities					(21,081)	(27,170)
Rail franchise adjustment					(31,563)	(40,222)
Balance at 31 March					58	533

Plan assets

	2024 £000	2023 £000
Equity	536,129	491,576
Infrastructure	164	134
Other assets	5,559	2,812
Total	541,852	494,522



Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2024	2023
Discount rate at 31 March	4.85%	4.75%
Price inflation	2.90%	3.00%
Future salary increases	3.20%	3.35%
Future pension increases	2.90%	3.00%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

	2024	2023
Male retiree aged 65	19.7	19.9
Male retiree currently aged 45	21.1	21.2
Female retiree currently aged 65	22.3	22.5
Female retiree currently aged 45	23.8	24.1

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the gross defined benefit obligation (before member and franchise adjustments) at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by 1%, or 0.5% where stated.

	2024 £000	2023 £000
Discount rate decrease	117,872	117,803
Discount rate increase	(90,613)	(89,914)
Price inflation decrease	(90,703)	(89,448)
Price inflation increase	116,102	112,275
Future salary increase (+0.5%)	18,690	19,019

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the gross value of the reported liabilities prior to member and franchise adjustments at 31 March 2024 would have increased by £24,852,000 (2023: £27,560,000).

The above sensitivities are based on the results of the full actuarial valuation carried out by the RPS Trustee actuarial advisory team as at 31 December 2022.

Funding

The Company expects to pay £12,182,000 in employer contributions to its defined benefit plans in the year ending 31 March 2025. The weighted average duration of the defined benefit obligation at the end of the reporting period is 18 years.



19. Financial instruments

Fair values of financial instruments

There are no differences between the fair values for each class of financial asset and financial liabilities and their carrying amounts shown in the statement of financial position.

Credit risk

TfW does not have significant credit risk exposure as the majority of its activity is funded by the Welsh Government grant received in advance, with the remainder of activity being with other public sector organisations. Credit risk is monitored on an ongoing basis.

The carrying amount of trade receivables represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the statement of financial position date is as follows:

	2024 £000	2023 £000
Group	34,761	22,555
Company	24,559	26,936

There were no receivables past due at either reporting date.

Due to the nature of the receivables, no expected credit loss provision is considered necessary.

Liquidity risk

TfW monitors its working capital on a regular basis to ensure that sufficient funds have been drawn down from the Welsh Government to meet its liabilities as they fall due.

Fuel price risk

TfW uses a cash flow hedge to reduce price fluctuations attributable to fuel sources. The risk being hedged is changing fuel prices and the hedging instruments being used are fuel swaps. The Group's existing hedges commenced on 1 April 2023 and end between 31 March 2026 and 31 March 2027.

	2024 £000			
	Profit and loss	Other Comprehensive Income	Receivables	Payables
Change in market value of hedges	(12)	238	657	(431)

	2023 £000			
	Profit and loss	Other Comprehensive Income	Receivables	Payables
Change in market value of hedges	-	(7,144)	-	-

The inefficiencies of cash flow hedges of the energy price derivatives recognised in the Income Statement are £12,000 (2023: £nil).



20. Leases

20 (a) Leases as a lessor

Operating leases

TfW has a lease to Amey Infrastructure Wales Limited in respect of the CVL assets. This lease commenced on 28 March 2020. This has been classified as an operating lease as the lease length is significantly less than the useful economic lives of the assets. The lease expires in February 2028 (following an amendment to the term as part of the Operator of Last Resort transition). The Company also has a small number of other property leases (e.g. station concessions).

During the year £3,201,000 (2023: £2,872,000) was recognised as rental income by the Company.

The Group also has leases with a number of companies in respect of station concessions and fleet. These have been classed as operating leases. During the year, £953,000 (2023: £2,243,000) was recognised of rental income in respect of these leases.

20 (b) Leases as a lessee

The Company holds four property leases – including the lease on its head office in Pontypridd, which commenced in October 2020 and ends in 2035, as well as property leases lasting between one and five years for its other offices in Wrexham and Penrhyndeudraeth. The Company also holds two leases for Cardiff Bus Interchange, for which it paid lease premiums of £24,719,000 during 2022/23. £4.5m of this relates to a lease from the Company's parent, Welsh Government. Both leases are 990 year leases with £10 per annum peppercorn rentals.

The Company's subsidiary Transport for Wales Rail Limited also holds a number of rolling stock leases averaging nine years in length and a number of property leases for depots and offices.

The discount rate applied to these assets is the government borrowing rate for the relevant calendar year (the discount rate for leases starting during the year ended 31 March 2024 is 3.51% for leases commencing in 2023 and 4.72% for leases commencing in 2024).

In addition, the Group also holds a number of low value or short-term leases in relation to office equipment.

Right-of-use assets

Right-of-use assets related to lease properties are presented as property, plant and equipment:

Group

	2024 £000				2023 £000			
	Land and buildings	Rolling stock	Other	Total	Land and buildings	Rolling stock	Other	Total
Balance at 1 April	17,713	173,289	567	191,569	18,920	79,331	507	98,758
Additions/ amendments	(642)	270,602	56	270,016	318	127,562	185	128,065
Depreciation charge	(1,509)	(45,845)	(158)	(47,512)	(1,525)	(33,604)	(125)	(35,254)
Balance at 31 March	15,562	398,046	465	414,073	17,713	173,289	567	191,569

**Company**

	2024 £000		2023 £000	
	Land and buildings	Total	Land and buildings	Total
Balance at 1 April	11,473	11,473	12,117	12,117
Additions/amendments	(669)	(669)	262	262
Depreciation charge	(877)	(877)	(906)	(906)
Balance at 31 March	9,927	9,927	11,473	11,473

In addition, £24,719,000 lease premiums on the two Cardiff Bus Interchange leases (paid in 2022/23) continues to be recognised within Assets Under Construction until the site is handed over as ready for use (now expected in early 2024/25).

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Group is a lessee:

	Group	
	2024 £000	2023 £000
Interest expense on lease liabilities	6,193	1,494
Expenses relating to short-term leases (excluding short-term leases of low-value assets)	56	46
Expenses relating to leases of low-value assets	91	93
Total	6,340	1,633

At 31 March 2024, the Group was committed to short term and low value leases with a total gross commitment of £163,000 (2023: £202,000) and has agreements to lease with the leases not yet commenced with total future payments of £151,386,000 (2023: £440,042,000) all of which relates to future rolling stock leases. At 31 March 2024, the Company was committed to short term and low value leases with a total gross commitment of £17,000 (2023: £31,000) and had no agreements (2023: no agreements) to lease with the leases not yet commenced.

Lease liabilities**Current/non-current split**

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Current portion of lease liabilities	44,895	23,603	1,010	1,206
Non-current portion of lease liabilities	391,714	175,735	10,617	12,080
Total	436,609	199,338	11,627	13,286

Split by asset type

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Land and buildings	17,240	19,537	11,627	13,286
Rolling stock	418,902	179,230	-	-
Other	467	571	-	-
Total	436,609	199,338	11,627	13,286



21. Capital commitments

As at 31 March 2024, the Group had entered into contracts to purchase property, plant and equipment for £225,765,000 (2023: £279,849,000). At the same date, the capital commitments of Transport for Wales as a standalone company were £202,165,000 (2023: £256,388,000).

22. Related parties

Identity of related parties with which TfW has transacted

During the year, TfW and its subsidiary TfW Rail Limited received revenue grant and rail subsidy cash payments from the Welsh Government of £386,585,000 (2023: £304,709,000), as well as revenue grants to be paid to local authorities of £6,126,000 (2023: £1,071,000). TfW group also received cash capital grant and rail subsidy funding of £496,538,000 (2023: £449,846,000) as well as capital grants to be paid to local authorities and other third parties of £45,695,000 (2023: £53,918,000).

Included within creditors as at 31 March 2024 is a balance due to the Welsh Government relating to revenue grant funding received but costs not yet incurred of £11,939,000 (2023: £13,898,000) and a similar creditor for capital grant funding of £17,125,000 (2023: debtor of £52,887,000). There are also debtor balances with Welsh Government relating to grants & subsidies to be paid to local authorities and other third parties, made up of revenue £1,775,000 (2023: £2,762,000) and capital £24,681,000 (2023: £24,108,000).

In addition, TfW recognised income from the Welsh Government relating to non-grant funded consultancy and other projects of £16,129,000 (2023: £10,994,000). At 31 March 2024, TfW was owed £5,000,000 (2023: £2,789,000) for services invoiced to the Welsh Government, and had accrued income for services provided to the Welsh Government but not yet invoiced of £1,846,000 (2023: £3,035,000).

TfW made purchases from the Welsh Government totalling £140,000 (2023: £274,000) in relation to recharged services (primarily secondee costs and access licences). It has a payables balance as 31 March 2024 of £44,000 due to the Welsh Government (2023: £nil). During the prior year, TfW also entered into a 990 year lease agreement with Welsh Government for Cardiff bus Interchange bus apron for a lease premium of £4.5m with £10 per annum peppercorn rentals.

TfW also has a working capital loan with Welsh Government. As at the 31 March 2024, the balance is £6,900,000 (2023: £6,900,000). Interest payable on this loan during the year was £571,000 (2023: £310,000).

TfW also trades with GCRE Limited, a company also owned by Welsh Ministers. TfW recognised revenue of £163,000 (2023: £101,000) and had an accrued income balance at 31 March 2024 of £3,000 (2023: £9,000).

The parent Company's subsidiary TfW Innovation Services Limited has a minority interest shareholder, and as such, related party disclosures for the parent company are required in accordance with FRS 101. During the year, TfW made purchases of £246,000 from TfW Innovation Services Limited (2023: £440,000), and there are trade debtors and accrued income due to TfW Innovation Services Limited from TfW at 31 March 2024 of £85,000 (2023: £349,000) as well as a working capital loan from TfW to TfW Innovation Services Limited of £100,000 (2023: £100,000).



Transactions with key management personnel

Key management personnel is deemed to include company statutory directors (whose remuneration is disclosed in note 4) and other members of the executive team. The compensation of key management personnel is as follows:

	2024 £000	2023 £000
Key management emoluments including social security costs	2,121	1,911
Company contributions to money purchase pension plans	108	110
Payments to third parties in respect of secondees	-	146
Total	2,229	2,167

23. Acquisition of business

Acquisitions in the previous period

On 1 April 2022, TfW took ownership of PTI Cymru Holdings Limited, a company limited by guarantee, along with three subsidiary companies – PTI Cymru Ltd T/A Traveline Cymru, PTI No2 Ltd and PTI Cymru no 3 Ltd, for nil consideration. The deal was agreed with Welsh Government in order to create an integrated public transport information centre fit for the future.

PTI Cymru is a not-for-profit business primarily funded by Welsh Government, with a core activity of providing impartial information to the general public about public transport in Wales, as well as providing bilingual customer contact services to certain third parties. On 15 December 2022, the trade and assets of the companies were transferred into Transport for Wales for nil consideration. The net assets of the Group at both the acquisition date and the asset transfer date were zero and no fair value adjustments were required; as such no goodwill was created. The total aggregate assets of all three subsidiaries at 1 April 2022 was £1,030,733. PTI Cymru Holdings Limited and its subsidiaries were dissolved on 9 January 2024.

Effect of acquisition

The acquisition of PTI Cymru and subsidiaries had the following effect on the Company's assets and liabilities.

	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	122
Intangible assets	7
Trade and other debtors	118
Cash	708
Creditors falling due within one year	(830)
Creditors falling due after more than one year	(125)
Net identifiable assets and liabilities	-
Total cash consideration relating to business combination	-
Goodwill on acquisition	-



24. Losses and special payments

The following is the statement of losses and special payments as required by the Government Financial Reporting Manual, with individual disclosures where the total amounts incurred are over the limits prescribed in Managing Welsh Public Money of £300,000.

	2024	2023
Total number of losses and special payments	81	115
Total value of losses and special payments (£000s)	590	10,861

Individual losses of £300,000 or more

During 2022/23, the decision was taken to cease the Llanwern Major Event Stabling Line project. As such, development costs of £10.54m that had been incurred since 2018 and treated as an asset under construction were considered to be a Constructive Loss under the definitions set out in Managing Welsh Public Money.

25. Ultimate parent company and parent company of larger group

TfW is a subsidiary undertaking of the Welsh Ministers which are also the ultimate parent entity. TfW's results are consolidated in the Welsh Government's consolidated annual accounts which are available from its registered address, Cathays Park, Cardiff, CF10 3NQ or from its [website](#).

