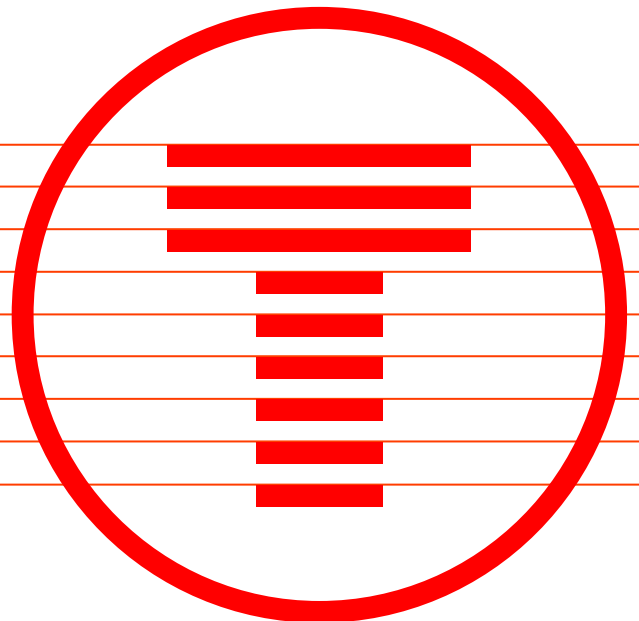




TRAFNIDIAETH CYMRU
TRANSPORT FOR WALES

Business Plan

1 October 2018 - 31 March 2019



Mae Trafnidiaeth Cymru yn eiddo i
Lywodraeth Cymru
Transport for Wales is owned by the
Welsh Government



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1. Introduction and summary

- 1.1 This business plan describes how we will develop Transport for Wales for the period covered by the Welsh Government's remit letter, from 1 October 2018 to 31 March 2019.
- 1.2 The core objective for Transport for Wales for this period, as set out in the Welsh Government's remit letter, is to build a united, connected and sustainable Wales, aligned with the well-being objectives, being ambitious, seeking to engage and connected in its delivery approach as well as the delivery outcomes we will support.
- 1.3 This document provides an overview of our strategic objectives, how we are organised and our supporting activities.



2. Our purpose, vision and values

Our purpose

- 2.1 Transport for Wales exists to **Keep Wales Moving** safely by delivering customer-focused services, expert advice and infrastructure investment.

Context

- 2.2 A better, more integrated public transport system is a key driver in the delivery of the Welsh Government's national strategy: Prosperity for All. Transport connects people and communities, underpins sustainable development and enables economic growth. Better public transport services will result in real benefits for people, including better access to employment opportunities and better integration of services, such as education and health with the public transport system.
- 2.3 Transport for Wales is a not-for-profit company, wholly owned by the Welsh Government. Across Wales and its borders, we collaborate with other transport providers, partners and stakeholders to deliver a safe, accessible, reliable, affordable and low carbon integrated transport system.
- 2.4 Transport for Wales does not set policy, nor do we exercise any statutory functions ourselves. Rather, we are the Welsh Government's expert adviser and advocate for transport-related matters. We provide technical advice to allow the Welsh Government to develop policy. Everything we do is discharged within the Welsh Government's policy framework.

Our vision

- 2.5 Our aim is to create a transport network of which Wales is proud.

Our values

- 2.6 We will create trust with our stakeholders, customers and staff founded on:
- Being **Safe**: Health, Safety and Well-being.
 - Being the Best: **High performance**. Pace.
 - **Being Positive**: The right Attitude: Can Do, Will Do.
 - Being **Connected**. Enterprising. Networked.
 - Being **Fair**: Treating people well. Integrity. Equality.
 - Creating **Shared Success**: Passion for the best deal.



3. Strategic context

3.1 There are several strategic objectives that we seek to achieve over the next five-to-ten years in support of our vision and aligned with our purpose. Our annual reports will provide progress updates over that period:

- **Improved customer services:** We will develop a common customer service ethos across transport services in Wales and its borders focused on the needs of people, involving communities and business to deliver safe, reliable, affordable and low carbon transport.
- **Fully integrated:** We will focus on continually improving integration between different modes of transport. Integration requires reliable information provision, simplified ticketing and joined-up services where interchange takes place, as well as thought-through and, wherever possible, co-located services, for example, bus and railway stations located together.
- **Reinvesting in transport:** As a not-for-profit company wholly owned by the Welsh Government, we will ensure that any surplus from our operations is re-invested in transport services and infrastructure for the benefit of customers - building on the Welsh Government's commitment that the transport network in Wales will be increasingly directly owned or operated by Transport for Wales.
- **Ensuring we serve all of Wales effectively:** We will ensure that we maximise our understanding of local and regional needs across Wales for the benefit of current and future transport users. Our Development Director for North Wales will take up post in early 2019 to lead our North Wales Business Unit. We are also progressing with the establishment of our new headquarters with key partners at Pontypridd.
- **Developing skills sustainably:** The success of Transport for Wales relies upon the development of skills for delivery of services and infrastructure. We will look at ways to procure infrastructure and services that lead to even greater local and regional benefits. We will work with SMEs and larger organisations in an alliancing approach to maximise direct value for money through efficient and effective delivery, as well as wider sustainable economic benefits.
- **Connecting communities:** Our approach to many of our objectives will underpin our aim to ensure communities are properly connected. Beyond transport links,



the focus on regeneration and placemaking opportunities to support sustainable growth and our commitment to the Welsh language will support this objective.

- **Transport modelling, land-use planning:** We will establish an evidence-based approach to support decision-making associated with infrastructure investment. We will support the Welsh Government by working to ensure opportunities to maximise the amount of residential, business and leisure space within walking distance of public transport and to improve connectivity and increase transport's contribution towards the lowering of carbon footprints are fully understood.
- **Environment/Carbon:** We will deliver on the Welsh Government's policy by decarbonising our transport networks and improving the air quality of the communities they serve, seeking to prevent the associated negative impact on health.
- **Playing our part in Prosperity for All: The Economic Action Plan:** In addition to the objectives detailed above which support Prosperity for All, we will work with the Welsh Government to maximise the benefit of the commitment to a long-term (five-year) programme of transport capital funding to deliver projects in the most efficient and effective way whilst maximising the public sector's considerable purchasing power.

3.2 We are already rapidly growing to meet the above challenges and to take on further responsibilities in supporting the Welsh Government's commitment that, wherever an acceptable business case can be made, current supply arrangements will be consolidated into Transport for Wales.

Summary of legal and policy context

The context in which Transport for Wales operates can be broadly summarised into three key areas:

- 3.3 **Legal and statutory duties:** These legal and statutory duties include those which apply to any company or organisation and place direct responsibilities on Transport for Wales, its directors and employees and include, but are not limited to:
- Company law (for example, the Companies Act).



- Employment law (including the Equality Act, Employment Rights Act, TUPE Regulations, National Minimum Wage Act, Pensions Act, Working Time Regulations).
- Health, safety and welfare legislation.
- Environmental legislation (including the Environment (Wales) Act).
- Data protection legislation (for example, the Data Protection Act and Freedom of Information Act).
- Relevant EU law (for example, the EU Railway Packages, Regulation 1370).

In addition, as Transport for Wales is exercising public functions there are further public law duties and responsibilities requirements with which Transport for Wales must comply. These include, but are not limited to:

- Procurement legislation (for example, Public Contracts Regulations and the Modern Slavery Act).
- Relevant EU law (for example, the EU Railway Packages, Regulation 1370).
- Nolan principles (7 principles of public life).
- Welsh Government's Policy Statement (December 2017) on Accessible and Inclusive Public Transport Objectives.
- Managing Welsh Public Money.

3.4 **Assisting Welsh Ministers to meet certain contractual commitments and Statutory Duties:** These commitments include, but are not limited to:

- Wales and Borders Agreements (a series of agreements between the Welsh Government and the Department for Transport concerning operation of the new rail service).
- The Rail Services for the Future document, published by Transport for Wales in September 2017, stated that: "we are committed to meeting the requirements of the Welsh Language Standards by providing better Welsh language services." These commitments have been carried forward into this business plan.
- The Well-being of Future Generations Act - duty to act in accordance with the sustainable development principle.
- The Active Travel (Wales) Act – Welsh Ministers must exercise their functions under this Act in a manner designed to promote active travel journeys, and secure new active travel routes and related facilities and improvements in existing active travel routes and related facilities. Transport for Wales has said



that it will “improve integration with active travel routes making it easier for people to walk or cycle to and from stations.”

- The duties of Welsh Ministers under the Transfer of Functions Order, Agency Agreements and the ODP Grant Agreement.

3.5 Obligations set out in the Welsh Government’s remit letter and the Management Agreement between the Welsh Government and Transport for Wales: There are a series of further non-statutory requirements which are set out in the Welsh Government’s remit letters and the Management Agreement between the Welsh Government and Transport for Wales, which include:

- Code of Practice on Ethical Employment in Supply Chains (Transport for Wales is a signatory to this Code, which includes annual anti-slavery statement, ethical employment policy statement, written policy on whistle-blowing)
- Welsh Ministers’ Policy Framework
- Welsh Government Policy Documents:
 - Taking Wales Forward 2016-21.
 - Prosperity for All: The National Strategy.
 - Prosperity for All: The Economic Action Plan.
 - WelTAG 2017.

3.6 For 2018-19, Welsh Government remit letters have covered the following periods:

- April to June 2018.
- July to September 2018.
- October 2018 to March 2019.



4. Governance

- 4.1 Transport for Wales' key governance arrangements to support delivery of our objectives and this business plan are detailed below. They comprise Transport for Wales' Board and its committees and the Executive team.
- 4.2 The Board is responsible for providing strong governance and strategic vision, including:
- Establishing vision, purpose and values.
 - Setting strategy and structure.
 - Promoting high standards of public finance, upholding the principles of regularity, propriety and value for money.
 - Delegating to management – including holding management to account against delegations – governance and delivery.
 - Exercising accountability to the Welsh Government as sole guarantor member and being responsible to relevant stakeholders, supporting and providing constructive challenge to the Executive team.
 - Holding to account the Executive team on delivery of the business plan and the key deliverables of the business, i.e. safety, service, costs etc.
 - Helping the Executive team by offering advice and mentoring to develop the business strategy and continue to improve business performance.
 - Ensuring that adequate resources are available and that senior-level succession is well planned.
- 4.3 Transport for Wales' Executive team comprises the Chief Executive and all Executive Directors.
- 4.4 The Executive team is responsible for:
- Running the company – including Finance, HR, Health and Safety, and Legal matters within the agreed governance framework.
 - Performance and delivery of projects.
 - Performance and delivery of day-to-day business e.g. rail services.

Relationship with the Welsh Government

- 4.5 The structures and governance arrangements for Transport for Wales and its relationship with the Welsh Government have been developed in accordance with the guidance on managing relationships with external partners found in Chapter 7



of Managing Welsh Public Money and Annexes 7.1 – 7.4. UK Government Cabinet Office guidance on establishing public bodies has also been considered.

- 4.6 The structures and governance mean that Transport for Wales has a clear, legal identity within a robust and well-established framework, putting it at a clear distance from the Welsh Government and allowing it to make independent operational decisions.
- 4.7 The Welsh Government still controls the overall goals and performance of Transport for Wales at a strategic level, making sure that Transport for Wales is behaving efficiently and continues to act in the public interest.
- 4.8 Transport for Wales' current company structure also offers significant flexibility in case there is any need to modify these elements in the future. The model is also more familiar to the commercial organisations with which Transport for Wales will need to work closely.
- 4.9 Transport for Wales is publicly funded. However, it is envisaged that we could generate relatively low levels of additional income from external sources. Where we provide additional services to others, the Welsh Government expects these would generally be on a cost recovery basis.

Relationship principles between the Welsh Government and Transport for Wales

- 4.10 Transport for Wales will be treated as a trusted delivery partner and the conduct of business between the Welsh Government and Transport for Wales will take due account of our role and functions and our plans as the primary delivery body for the Welsh Government's transport policy. Transport for Wales will be encouraged to contribute to the workings and the management of the Welsh Government's sponsor and client teams.

Social partnership

- 4.11 Trade unions are an important part of building our organisation and with that in mind, Transport for Wales has chosen to recognise all relevant unions within the sectors to ensure, as we grow, our ability to work effectively in social partnership.

Transport for Wales is a fair and inclusive employer and we are keen to take forward a progressive appointment of having a nominated representative of the unions on



our Board of Directors, and we are seeking to appoint a Trade Union Representative.

Transport for Wales recognises and works collaboratively with the following Trade Unions:

- ASLEF.
- FDA.
- PCS.
- Prospect.
- RMT.
- TSSA.
- Unite.



5. Overview of performance for 2017-18

- 5.1 Our 2017-18 business plan identified several core outputs that Transport for Wales' advisory and consultancy services would support.
- 5.2 Procurement of the Operator and Development Partner (ODP) continued. Responses to our Invitation to Submit Final Tenders (ITSFT) were received in December 2017. The contract was awarded on 4 June 2018.
- 5.3 The OJEU notice for the appointment of Infrastructure Delivery Partners (IDP) to our Sustainable Transport Infrastructure Delivery (STriDe) Framework was issued in January 2018.
- 5.4 A set of commercial principles associated with the asset transfer of the Core Valley Lines were agreed with Network Rail prior to the issue of the Invitation to Submit Final Tenders in September 2017.
- 5.5 The Transfer of Powers process was progressed with the Department for Transport, with two Agency Agreements underpinning the procurement process. A third Agency Agreement, Agency Agreement 3 was agreed before ODP contract award. The Transfer Function Order completed parliamentary process by June 2018.
- 5.6 Transport for Wales' team was expanded to recognise the management requirements for mobilisation towards the rail service commencement in October 2018. New projects were set up for Rail Service Continuity and Rail Service Improvements to focus efforts on taking this forward.



6. Summary of strategic objectives and operational plan

6.1 The table below shows Transport for Wales' core strategic objectives as set out in the Welsh Government's remit letter and the supporting operational plan for the period of this business plan (October 2018 to March 2019). It sets out activities completed between 1 October 2018 to 4 December 2018 when the Welsh Government issued its remit letter and plans up to 31 March 2019. Our strategic objectives have been aligned to Transport for Wales' three core themes:

- Customer-focused services.
- Expert advice.
- Infrastructure investment.

Theme	Core activity	Operational plan (1 October 2018 – 31 March 2019)
Customer-focused services	Support the Welsh Government to finalise the closure of the existing Wales and Borders franchise.	<p>Leading the delivery of the mobilisation of the Wales and Borders franchise and securing the licence to operate within the timeframe for the rail franchise operator to commence operations on 14 October 2018.</p> <p>Transferring any outstanding ATW-led projects across to Transport for Wales Rail Services, such as CET project and Chester-Liverpool timetable changes with the introduction of 769 fleet.</p> <p>Concluding all commercial and regulatory contractual agreements to enable the franchise operator to operate, including closing out remaining commercial agreements.</p> <p>Finalising the new rolling stock contracts and associated agreements.</p> <p>Supporting the Department for Transport which is leading the closure of the ATW 'books'.</p>



Theme	Core activity	Operational plan (2018-2019)
Customer-focused services	Manage the Operator and Development Partner (ODP).	<p>Setting up an expert team to effectively manage the Wales and Borders franchise.</p> <p>Establishing a robust governance framework working to business as usual.</p> <p>Maintaining new contractual and change control processes for any agreed changes to committed obligations, service improvement plans and/or milestones.</p>

Theme	Core activity	Operational plan (2018-2019)
Customer-focused services	Continue to develop the Transport for Wales brand as a strong customer-focused brand that passengers and stakeholder across Wales recognise and understand its values.	<p>Establishing an effective integrated team to ensure that positive messages and important customer information is shared across all channels under a clear 'one team' brand.</p> <p>Growing awareness of Transport for Wales' brand amongst consumers; ensuring that customers and potential customers recognise the change in operator and continue to travel on Transport for Wales' services.</p> <p>Working collaboratively with stakeholders and establishing new networks to ensure that community and customer voices are heard as Transport for Wales develops the detail of its delivery plans.</p> <p>Delivering campaigns to raise awareness of the development plans to reassure that we are on course in delivering our 15-year transformation programme.</p>



Theme	Core activity	Operational plan (2018-2019)
Infrastructure investment	Further develop the STRiDe framework alliance and engagement events with SMEs.	<p>Stakeholder events run by Transport for Wales and Transport for Wales Rail Services will inform potential suppliers of imminent pipeline opportunities for the Core Valley Lines transformation programme.</p> <p>Working with Business Wales to upskill SMEs, aiming to put them in a better position to bid for STRiDe framework opportunities.</p>

Theme	Core activity	Operational plan (2018-2019)
Infrastructure investment	<p>Deliver rail infrastructure projects including, but not limited to:</p> <ul style="list-style-type: none"> ▪ Projects to support the delivery of the South Wales and North East Wales metros. ▪ Bow Street station. ▪ Llanwern Station and Major Events Stabling Line. <p>Provide project management in connection with transport projects.</p>	<p>Achieving Milestone 2 (concept design) on the Core Valley Lines Transformation project.</p> <p>Achieving Milestone 3 by end of February 2019.</p> <p>Undertaking design work on the Llanwern, Bow Street, Cardiff Interchange and Deeside infrastructure projects.</p> <p>Taking Shotton and Deeside, Wrexham General and Ebbw Vale through 'development of scheme' stage.</p>



Theme	Core activity	Operational plan (2018-2019)
Expert advice	Further develop the Analytical Unit within the company, based on the South East Wales Transport Model to support local, regional and national transport planning.	<p>Appointing Transport for Wales' Strategic Transport Analysis Manager in November 2018.</p> <p>Developing Transport for Wales' Analytical Unit business plan.</p> <p>Taking control of the South East Wales Transport Model (SEWTM) Management Group and commissioning the first tranche of maintenance / upgrade activities for the model.</p> <p>Issuing Regional transport modelling OJEU Prior Information Notice (PIN) for remaining two regional models, leading to a market engagement process.</p> <p>Engaging with South West Wales regional planners and South West Wales local authorities regarding the scope for the South West and Mid Wales Transport Model.</p> <p>Engaging with North Wales regional planners and local authorities on the scope of the North Wales Transport Model.</p>

Theme	Core activity	Operational plan (2018-2019)
Expert advice	Provide technical expertise and support on a range of active travel matters; including the review of the Active Travel Design Guidance, appraisal of grant applications and technical queries regarding the design of schemes and support the WelTAG process from an active travel perspective for schemes promoted by the	<p>Appointing Transport for Wales' Active Travel Lead in November 2018.</p> <p>Surveying local authorities as part of an analysis to understand their current approach to active travel delivery and to ascertain where they believe support may be required in the development and delivery of active travel proposals.</p> <p>Advising on the expansion of the NextBike scheme in Cardiff, the potential for active travel in Transport for Wales schemes at Bow Street,</p>



	Welsh Government and Transport for Wales.	<p>Cardiff Central interchange and other local authority proposals.</p> <p>Advising to assist the review of the Active Travel Design Guidance and undertaking a range of other activities such as expansion of the cycle hire scheme, assessing local authority grant applications through the Active Travel Fund (ATF) and Safe Routes in Communities Programme.</p> <p>Assisting Sustrans with the review of the Active Travel Act Delivery Guidance.</p>
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Theme	Core activity	Operational plan (2018-2019)
Expert advice	Provide professional advisory and consultancy capacity in support of the bus services review.	Supporting and advising on business cases to further develop the Strategic Outline Case around developing a national bus network, an integrated, responsive travel solution and ticketing and back office.

Theme	Core activity	Operational plan (2018-2019)
Expert advice	Provide professional advisory and consultancy capacity and develop the case for investment in the transport network through 'Programme Strategic Outline Cases' including individual business cases and feasibility studies where required.	<p>Working closely with our consultancy supply chain to develop business cases and undertake feasibility studies.</p> <p>The Analytical Unit now has the capability to act as a more intelligent client when it comes to helping to specify, scope and review the business cases undertaken. Continuing to develop and enhance this capability as we expand the Analytical Unit, with the next step being to work collaboratively with our consultants in preparing business cases.</p>



7. Core assumptions

7.1 A two-year budget has been developed reflecting Transport for Wales' strategic objectives and operational plan and aligned with the programme structure.

The budget has made the following key assumptions:

- Rail Operations commencement 14 October 2018
- Transfer of CVL asset 2019-20 financial year
- Move to new offices in Pontypridd 2020-21 financial year

Additional Requirements and projects will be subject to further remit changes (which are not reflected in the budget) and further approvals, as appropriate, by purchase order.

Profile of expenditure is subject to further review with the ODP and IDPs.

7.2 To deliver Transport for Wales' strategic objectives, expansion of the team is planned over the next two years both on the delivery side and supporting functions.



8. Cash flow and funding

	Outturn	Plan
Resource Expenditure (£'000s)	2018-19	2019-20
Rail Services	97,871	
Central Services	2,915	
New Services *	2,513	
Resource Expenditure	103,299	
Resource Expenditure Non-Cash	88	

* Including additional projects remitted during 2018-19 however excludes separately recovered projects

	Outturn	Plan
Capital Expenditure (£'000s)	2018-19	2019-20
Rail Infrastructure	54,851	
Corporate Infrastructure	276	
New Services	1,751	
Capital Expenditure	56,878	

- 8.1 Rail Services includes the cost of the Commercial, Communications and Customer Services, Safety and Sustainability directorates and an allocation of Central Services (Corporate Services and Finance).
- 8.2 The resource non-cash budget relates to depreciation on fixed assets.
- 8.3 Within the capital budgets, Rail Infrastructure relates to the delivery of the South East Wales Metro infrastructure interventions; including capital spend for the Core Valley Lines and the Llanwern Station and Stabling project. The Corporate Infrastructure budget relates to the accommodation costs.
- 8.4 New services include the cost of:
- Establishing and utilising the Analytical Unit.
 - Establishing a North Wales Business Unit.
 - Providing network management advice.



- Consultancy projects engaged by the Welsh Government to deliver, excluding any invoiced projects to either the Welsh Government or third parties.
- Development of the North Wales Metro and non-Metro infrastructure interventions, such as the Bow Street Station project.