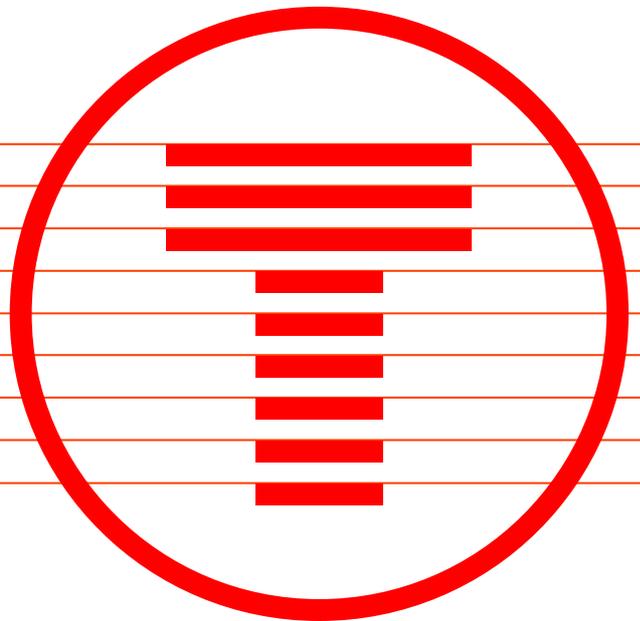




TRAFNIDIAETH CYMRU
TRANSPORT FOR WALES

Summary two-year business plan
(1 April 2018 - 31 March 2020)

June 2018



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 summary business plan describes how we will develop Transport for Wales over the next two years.
- 1.2 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. However, 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 updates on progress 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 e.g. bus and rail 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 immediate plans to achieve this include a North Wales Business Unit and the establishment of our 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 ready to grow 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.
- Employment law (including 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.
- 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 which Transport for Wales must comply with and these include (but are not limited to):

- Procurement legislation.
- 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.

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 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.



- Well-being of Future Generations Act - duty to act in accordance with the sustainable development principle.
- 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 letter 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.

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, mission (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.
- 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 the Company 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 the Company could generate relatively low levels of additional income from external sources. Where the Company provides additional services to others, the Welsh Government expects these would generally be on a cost recovery basis. It is envisaged that any additional efficiencies generated by Transport for Wales beyond those anticipated in this case would be available to Transport for Wales to be reinvested in the transport network.

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 the Company's role and functions and its 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. The following principles will govern relations between the Welsh Government and Transport for Wales.

5. Overview of performance for 2017/18

- 5.1 The 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) has continued. ITSFT responses were received in December 2017 and have been evaluated. The contract was awarded on 4 June 2018. The overall programme for commencement of Rail Services in October 2018 remains on target.
- 5.3 The OJEU notice for the appointment of Infrastructure Deliver Partners (IDP) to our Sustainable Transport Infrastructure Delivery (STriDe) Framework was issued in



January 2018. This framework is on target for award. This has been delayed slightly to align with the ODP procurement.

- 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. The next step, the Transfer Framework Agreement and Hold Harmless Agreement, are currently being developed for agreement with Network Rail.
- 5.5 The Transfer of Powers process has progressed with the Department for Transport, with two Agency Agreements underpinning the procurement process so far. Agency Agreement 3 is to be agreed before ODP contract award. The Transfer Function Order is progressing through the parliamentary process for completion by June 2018.
- 5.6 Transport for Wales' team has been expanded to recognise the management requirements for mobilisation towards the rail service commencement in October 2018. New projects have been set up for Rail Service Continuity and Rail Service Improvements to focus efforts on taking this forward. The team is growing with a number of employees, including 3 Executive Directors appointed on a permanent basis. Recruitment is ongoing for the remaining roles in the senior team and associated support roles.

6. Summary of strategic objectives and operational plan

- 6.1 The table below summarises Transport for Wales' strategic objectives and supporting operational plan for the period of this Business Plan (2018-2020). They have been aligned to Transport for Wales' three core themes:
 - Customer-focused services.
 - Expert advice.
 - Infrastructure investment.



Theme	Strategic objectives	Operational plan (2018-2020)
<p>Customer-focused services</p>	<p>Integration* across modes: Improving information, joined-up ticketing and coordination of transport services.</p> <p>A single Transport for Wales brand and supporting values/culture with partners and suppliers to deliver integrated transport.</p> <p>Real understanding of customer requirements across Wales and the Borders, addressing national and regional agendas (e.g. Metros, rural)</p> <p>The passenger experience is at the heart of any rail service. It is vital, therefore, that Transport for Wales not only meets current market needs, but also responds to and stimulates passenger growth.</p> <p>Transport for Wales will establish systems that will enable the delivery of a consistently high-quality and reliable train service to passengers.</p> <p>Transport for Wales will deliver a rail service that people can depend on for their journeys to work, education and leisure activities.</p> <p>The rail service will also deliver a material improvement in the passenger experience by increasing the quality of both stations and train services.</p>	<p>Managing current franchise until October 2018 and Rail Service contract from award in Summer 2018.</p> <p>Ensuring continuity of rail services in October 2018.</p> <p>Introduction of Transport for Wales Customer Ambassadors.</p> <p>Delivery of ODP committed service improvements.</p> <p>Engagement with bus operators via Integration Alliance Board.</p> <p>Establish a Rail Service Improvement plan that captures investments, milestones and outcomes to improve services.</p> <p>Establish performance monitoring and measurement regimes for services.</p> <p>Service Quality standards are set out and agreed with the delivery teams.</p> <p>Transport for Wales will develop, with the delivery team, a Passenger Charter.</p>
<p>* Note: Likely scope of integrated transport is all forms of public transport: rail, buses, coaches, cycling, trams/light rail, river bus, roads, taxis and private hire and walking.</p>		



Theme	Strategic objectives	Operational plan (2018-2020)
Expert advice	Evidence-based decision-making for results-led service and supporting transport infrastructure improvements.	<p>Development of Pan-Wales Analytical Unit to understand current and desired transport usage.</p> <p>Development of expert advisory capability.</p> <p>Development and delivery of a Transport for Wales pan-Wales accommodation strategy, including the specific provision of a North Wales Business Unit; gathering and applying local relevance/knowledge for the benefit of customers.</p>

Theme	Strategic objectives	Operational plan (2018-2020)
Infrastructure investment	The safe, timely and value-for-money delivery of effective infrastructure investment, to the agreed quality standards.	<p>Put in place appropriate safety management systems to safely procure the projects and programmes of work.</p> <p>Appointment of ODP in early summer 2018.</p> <p>Establishment of Sustainable Transport Infrastructure Delivery (STriDe) framework alliance.</p> <p>Development of design and commence delivery of South East Wales Metro infrastructure.</p> <p>Development of North Wales Metro.</p> <p>Development of Non-Metro infrastructure with Network Rail and other partners.</p> <p>Development and early delivery of Active Travel strategy around transport hubs with LA partners.</p>



		Investment in skills with partners and suppliers so that local people have opportunities for employment.
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Theme	Strategic objectives	Operational plan (2018-2020)
Corporate	<p>Provide effective leadership in the provision of transport for Wales.</p> <p>Positively engage with our diverse team to support our achievement of our purpose and vision.</p> <p>Effectively communicate a clear delivery strategy.</p> <p>Establish effective delivery partnerships.</p> <p>Establish effective and resilient resourcing arrangements.</p> <p>Use fit-for-purpose processes.</p> <p>Develop and deliver innovative, improved and relevant products and services.</p> <p>Deliver all services safely and sustainably.</p>	<p>Establish a high-performance culture in Transport for Wales, supported by a strong customer-focused brand with recognised and meaningful values.</p> <p>Create a meaningful presence in locations across Wales to maximise our understanding of local and regional needs across Wales for the benefit of current and future transport users.</p> <p>Establish Transport for Wales as an Employer of Choice with an attractive proposition for recruitment and retention.</p> <p>Focus on the diversity of teams and outreach into communities to diversify our recruitment.</p> <p>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.</p> <p>Take a lead role in the development of apprenticeship programmes and the development of skilled jobs closer to home with our delivery partners.</p> <p>Commitment to the Welsh language.</p> <p>Creation of Safety and Sustainability Directorate.</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 14th 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 IDP.

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

8.1 The resource and capital expenditure budget for 2018/19 and indicative budget for 2019/20 are summarised in the table below. The annual plan will develop during the financial year according to remit.

	Plan	Plan
Resource Expenditure (£'000s)	2018/19	2019/20
Rail Services	99,682	176,776
Central Services	1,111	1,908
New Services	993	2,049
Resource Expenditure	101,787	180,734
Resource Expenditure Non-Cash	106	222



	Plan	Plan
Capital Expenditure (£'000s)	2018/19	2019/20
Rail Infrastructure	45,208	132,189
Corporate Infrastructure	1,836	4,783
New Services	7,798	10,712
Capital Expenditure	54,842	147,685

- 8.2 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).
- 8.3 The resource non-cash budget relates to depreciation on fixed assets.
- 8.4 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 implementation of systems and the establishment and fit-out for the new Pontypridd office.
- 8.5 New services includes the cost of:
- Establishing and utilising the Analytical Unit and within the capital budget, the cost of developing Mid and West Wales and North Wales Transport Models.
 - Establishing a North Wales Business Unit.
 - Recruitment of a Bus Services Director and Bus Services Coordinator to lead on future bus strategy and integration.
 - Providing network management advice.
 - Development of the North Wales Metro and non-Metro infrastructure interventions, such as the Bow Street Station project.