

**Pwyllgor Newid Hinsawdd,
yr Amgylchedd a Seilwaith**

—
**Climate Change, Environment,
and Infrastructure Committee**

Senedd Cymru

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Mark Isherwood MS
Chair of the Public Accounts and Public Administration
Committee

19 June 2024

Dear Mark,

I enclose a copy of the Climate Change, Environment, and Infrastructure Committee's most recent [report on Tfw and rail services](#), which was published in May 2024.

You will be aware that, in its report, the Committee concluded that the Senedd's Public Accounts and Administration Committee and Audit Wales should consider whether the delivery of rail services and the CVL modernisation project merit further scrutiny by the Auditor General for Wales in a value-for-money study.

Estimated initially at £738 million in 2018, the project's costs have increased significantly by £306 million. The Committee recognised the severe challenges presented by inflation and unforeseeable events such as the COVID-19 pandemic; however, the scale of the increase was of particular concern.

Our discussions with Transport for Wales (Tfw) revealed that approximately one-third of this cost increase could be attributed to 'infrastructure constraints'. We were surprised that constraints on such a scale were not anticipated or identified earlier in the project planning phase. Additionally, Tfw has asserted that the budget for the South Wales metro could be reduced by £20-30 million without

compromising safety or service provision. We have sought further information on this matter from TfW.

TfW faced considerable financial challenges in the last year, including a £100 million funding gap arising from a shortfall in projected revenue growth from rail services. Although the additional funding for 2024-25 has been "baselined" in TfW's budget for future years, we continue to be concerned that TfW and, by extension, the Welsh Government will remain financially exposed if farebox revenue fails to materialise at expected levels.

Given the significant investment and associated risks and the fact that Senedd Committees are unable to access the internal TfW information essential to understanding the issues involved, we believe that the Auditor General for Wales should consider a review of the delivery of rail services and a value-for-money review of the CVL modernisation project. I have written to the Auditor General with this request and will update you on his conclusions in due course.

I would be happy for you to discuss this issue directly with Audit Wales and for your Committee to highlight any other matters that should inform the Auditor General's consideration.

Kind regards,



Llyr Gruffydd MS,
Chair, Climate Change, Environment, and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.
We welcome correspondence in Welsh or English.