

## **Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee – Future Development of Transport for Wales**

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The Welsh Government's vision is for a world-class integrated low-carbon transport system in Wales – one that can drive forward our economy and our communities to greater prosperity. Transport for Wales (TfW) was established to support us to achieve our vision. The Company has an important role in driving integration across the entire transport network by putting the passenger at the heart of everything it does.

Our aspiration for TfW is to exploit the opportunity it has as our transport integrator and to allow the Company to take on a wider range of transport functions. The 2018/19 financial period represented an important phase in the growth of TfW as it develops momentum in creating a step-change in the way we deliver transport services and infrastructure across Wales. TfW's remit going forward will ensure the Company continues to deliver a core component of the Welsh Government's programme for government.

The Welsh Government future priorities for TfW are set in the context of Taking Wales Forward 2016-2021, Prosperity for All; the national strategy, the Economic Action Plan, and the Well-being of Future Generations (Wales) Act 2015. Additionally, the First Minister has committed to empowering TfW to deliver a public transport system that aims to give everyone easier access to bus, train and active travel for everyday journeys.

I would like to thank the members of the Committee for their report. I am particularly pleased that generally the Committee's recommendations are in line with our current and future plans. I have set out my response to the Report's individual recommendations below. A number of the Committee's recommendations cover operational matters for TfW. As a wholly owned subsidiary of the Welsh Ministers TfW has a clear, legal identity within a robust and well-established framework. There is a distinct separation between the Welsh Government and TfW, allowing TfW to make independent operational decisions. I have therefore instructed TfW to consider how it will take certain recommendations forward and respond directly to the Committee as noted in my detailed response below.

### **Recommendation 1**

TfW must move quickly to set up a formal advisory group to allow it to engage with stakeholder bodies and improve levels of public awareness about TfW's responsibilities and functions, and the lines of accountability for all the various transport functions in Wales.

### **Response: Accept**

TfW has been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

**Financial Implications** – None. Any additional costs will be drawn from TfW’s existing programme budgets.

## **Recommendation 2**

TfW must demonstrate a stronger commitment to meeting customer needs and improving passenger experience: it must employ a wide range of mechanisms, both formal and informal, to consult and engage with stakeholders and passengers. TfW should develop and publish a comprehensive communications and engagement plan setting out its approach and making clear what standards stakeholders and the public can expect. The plan should demonstrate clearly how TfW will take on board the views of key stakeholders and user groups.

### **Response: Accept**

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee.

TfW is remitted to actively engage with stakeholders and the public. TfW’s Corporate Plan must clearly articulate how TfW will develop the Transport for Wales brand as a strong customer-focused brand that passengers and stakeholder across Wales recognise and understand its values. Furthermore, the Corporate Plan must provide information on how marketing and communications activity will promote the Transport for Wales brand values and support delivery of the Company’s Operational Plans.

**Financial Implications** – None. Any additional costs will be drawn from TfW’s existing programme budgets.

## **Recommendation 3**

TfW must publish an organisation chart for the organisation as a whole – not simply the board – with details of functions and roles within the organisation and this information should be updated on a regular (initially monthly) basis as the organisation grows. It should show whether staff are employed directly or as consultants, and give sufficient detail about the nature of the specialist work they are undertaking.

### **Response: Accept**

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee. TfW has also been instructed through its Remit Letter that it must increasingly bring functions in-house to maximise on the opportunity that the Company presents to develop and sustain a professional transport skills base supporting the economy and employment of Wales.

**Financial Implications** – None. Any additional costs will be drawn from TfW’s existing programme budgets.

## **Recommendation 4**

Whilst recognising that the Minister for Economy and Transport has put his commitment to holding a pre-appointment hearing for future Chairs of TfW on the record, Welsh Government should formalise this arrangement with the Committee.

**Response: Accept**

Scott Waddington is appointed as Chair of the TfW Company Board until January 2022. Formal arrangements will be made with the Committee for a pre-appointment hearing for all future appointments.

**Financial Implications** – None. Any additional costs will be met from existing programme budgets.

**Recommendation 5**

It is difficult to recommend what form the transport body should take until there is clarity about its functions, and it has developed to the point where it is ready to assume those additional functions. Welsh Government needs to decide what it wants TfW to achieve before agreeing a definitive governance model. In doing so it must clearly define the remit of TfW, and resolve the tensions created by it having roles in both policy development and delivery

**Response: Accept**

The legislative context and the devolution settlement that we need to work within means that the scope of TfW's remit is limited to the activities which the Welsh Ministers may lawfully carry out. It is not possible therefore for the Welsh Ministers to ask TfW to do anything that is outside of the Welsh Ministers' powers.

TfW was established under the Companies Act (2006) and is fully accountable to the Welsh Ministers as a wholly owned subsidiary company limited by guarantee. The Company operates pursuant to Section 71 of the Government of Wales Act 2006 that states the Welsh Ministers may form a company (such as an arm's length company) to provide services for them, where that is calculated to facilitate, or is conducive or incidental to, the exercise of any of their functions. Accountability to the Welsh Government is secured by a series of strategic levers including Remit Letters that clearly define what TfW is responsible for delivering on our behalf.

TfW's constitution as a wholly-owned subsidiary therefore ensures that there is a clear separation between the day-to-day responsibility of TfW to deliver its remitted activity to operate and manage transport services and infrastructure and the accountability that rests with the Welsh Ministers for all transport matters.

However, I recognise that the governance arrangements for TfW will need to develop in order to meet our ambition for the Company to take on a wider range of transport functions. Officials are currently examining the delivery options to meet our ambitions through a business case and this work is on-going. I am pleased that the Committee has acknowledged that there are a number of different delivery models across the UK and that it is important to identify a suitable model for Wales that ensures the lines of accountability are clear. I agree that there is a need to firstly decide what TfW will be responsible for and the business case will identify the possible delivery and governance models. I am committed to publishing the

outcome of the business case and the future remit of TfW when that work is complete.

**Financial Implications** – None. Any additional costs will be drawn from existing programme budgets.

### **Recommendation 6**

The Welsh Government should now move swiftly to engage with stakeholders in developing the next White Paper on the legislation required to establish Joint Transport Authorities (JTAs) which must give clarity about how they fit within the overall transport governance structure for Wales, and where it thinks future roles and responsibilities should lie. The Welsh Government's business case for the future of TfW must therefore be published before or alongside the next White Paper, and make the relationship with JTAs clear, so that the overall structure of transport governance in Wales is clear.

### **Response: Accept**

The Improving Public Transport White Paper was published for consultation between 10 December 2018 and 27 March 2019 and set out initial proposals for form Joint Transport Authorities (JTA) by secondary legislation under the Transport (Wales) Act 2006.

The Welsh Government continue to work closely with the Welsh Local Government Association (WLGA) and other stakeholders on JTA proposals with the intention to issue the formal consultation in autumn this year. I will publish the outcomes of the business case and the future remit of TfW during the consultation on the JTA proposals.

**Financial Implications** – None in relation to TfW's remit. Any additional costs will be drawn from existing programme budgets.

### **Recommendation 7**

As part of its regular public reporting of its activities, TfW should provide clear evidence of how it is complying with the principles of the Well-being of Future Generations (Wales) Act 2015

### **Response: Accept**

The Welsh Government requires that TfW establish the well-being objectives of the Company for the purpose of maximising its contribution to achieving the well-being goals set out in the Well-being of Future Generations (Wales) Act (2015). TfW has been instructed to publish a 5 year Corporate Plan late 2019, detailing the associated well-being objectives. The plan must set out how TfW will apply this policy and legislative framework and in so doing provide a compelling and empowering vision for its staff and stakeholders that promotes TfW brand values and how it puts the passenger at the heart of everything it does. TfW has been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

**Financial Implications** – None. Any additional costs will be drawn from TfW's existing programme budgets.

### **Recommendation 8**

TfW and/or Welsh Government should provide the Committee with more details of its plans and timeline for progressing integrated ticketing and smart travel for Wales.

#### **Response: Accept**

To support the creation of a truly integrated transport network TfW is remitted to develop multi-operator ticket and demand responsive transport solutions and has therefore been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

**Financial Implications** – None. Any additional costs will be drawn from TfW's existing programme budgets.

### **Recommendation 9**

Welsh Government should ensure that TfW's Board structure is significantly strengthened and that it compares favourably with the make-up and skill-sets of other transport executive bodies. The representation on TfW's Board, and the way it operates and takes decisions, should be designed to embed a strong and open social partnership approach, and a commitment to diversity, within the organisation. TfW should also publish a complete register of the interests of all its Board members and directors on its website.

#### **Response: Accept**

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee.

**Financial Implications** – None. Any additional costs will be drawn from TfW's existing programme budgets.

### **Recommendation 10**

The anonymised results of TfW's activities to assess staff satisfaction should be published on its website.

#### **Response: Accept**

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee.

**Financial Implications** – None. Any additional costs will be drawn from TfW's existing programme budgets.

### **Recommendation 11**

TfW should enter into a social partnership agreement with all the relevant unions as soon as possible to demonstrate its commitment to best practice.

**Response: Accept**

TfW has been instructed to consider how it will take the recommendation forward and respond directly to the Committee.

**Financial Implications** – None. Any additional costs will be drawn from TfW's existing programme budgets.

**Recommendation 12**

Welsh Government should ensure that TfW is remitted to ensure that its human resources plan has a strategic focus on skills development and the adoption of an apprenticeship programme as part of its future functions.

**Response: Accept**

By investing in the development of current staff and new recruits, as well as offering career paths and opportunities for growth and skills development, TfW is uniquely placed to develop and sustain a professional transport skills base supporting the economy and employment of Wales. TfW has been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

**Financial Implications** – None. Any additional costs will be drawn from TfW's existing programme budgets.

**Recommendation 13**

Welsh Government should ensure that TfW's procurement policy and practice is fully aligned with supporting a legacy of skills and training in the delivery of its functions.

**Response: Accept**

TfW is remitted to embed the Economic Contract framework as a means to deliver public investment with a social purpose and abide by its principles of inclusive growth, fair work, health and skills in the workplace and the management of carbon footprints. This should include how procurement and contractual agreements would be amended to enable TfW to do this. TfW has been instructed to consider how it will take this recommendation forward and respond directly to the Committee.

**Financial Implications** – None. Any additional costs will be drawn from TfW's existing programme budgets.

**Ken Skates AM, Cabinet Secretary for Economy and Transport**