

# The Future Development of Transport for Wales

May 2019



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# The Future Development of Transport for Wales

May 2019



# About the Committee

The Committee was established on 28 June 2016. Its remit can be found at: [www.assembly.wales/SeneddEIS](http://www.assembly.wales/SeneddEIS)

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## Committee Chair:



**Russell George AM**  
Welsh Conservatives  
Montgomeryshire

## Current Committee membership:



**Hefin David AM**  
Welsh Labour  
Caerphilly



**Vikki Howells AM**  
Welsh Labour  
Cynon Valley



**Mark Reckless AM**  
Welsh Conservative Group  
South Wales East



**David J Rowlands AM**  
UKIP Wales  
South Wales East



**Jack Sargeant AM**  
Welsh Labour  
Alyn and Deeside



**Bethan Sayed AM**  
Plaid Cymru  
South Wales West



**Joyce Watson AM**  
Welsh Labour  
Mid and West Wales

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## Chair's foreword

When the Committee reported on The Rail franchise and South Wales Metro in June 2017, we concluded that while the governance arrangements for Transport for Wales were appropriate at that stage in its development, they would not be suitable in the longer term. We therefore conducted a short, focused inquiry to explore the pros and cons of various governance arrangements in other transport bodies, asked stakeholders for their views on the story so far, and have tried to draw some conclusions about the actions needed to make Transport for Wales fit for the future.

Our work coincided with publication of the Welsh Government's White Paper "Improving Public Transport", which outlines legislative proposals to introduce Joint Transport Authorities and reform the delivery of local bus services and licensing of taxis and private hire vehicles. The outcome of that consultation is still awaited, and the Committee will separately scrutinise and respond to the proposals for buses and taxis.

With future transport governance arrangements yet to emerge, many questions remain unanswered about how Transport for Wales will fit into the Welsh Government's vision for a better, more integrated transport network for Wales. This report outlines some initial views on the question of how the organisation might sit within a governance framework that includes regional transport authorities.

Whatever the final governance model, certain key principles are important, including transparency; robust scrutiny arrangements; independence of decision-making; clear lines of accountability; and clarity of functions, roles and responsibilities. The overriding view is that there is no clarity about where Transport for Wales ends and Welsh Government begins, and where the various responsibilities lie. Although we accept that Transport for Wales is a new and developing organisation, which until now has been focused on successfully delivering the new rail franchise, this lack of clarity cannot continue much longer.

The evidence was unequivocal - transport is first and foremost about the needs of the user, and governance arrangements must reflect this. It is also critical that the policy functions of health, education, housing and land use planning are integrated into decision-making, in order to successfully deliver an integrated transport network.

We are at a crossroads as the Welsh Government aims to create a "high quality, low carbon, integrated public transport system across the country". The challenges

are many. They include meeting the very different needs of both urban and rural communities, and developing a transport system that works for Wales's unique topography, demographics and existing democratic structures.

Governance arrangements must also help to fulfil the goals of the Wellbeing of Future Generations legislation, and try to overcome the short-term political and financial barriers to making the necessary long-term commitments. Decisions made now could have far-reaching implications for future travellers.

A new organisation also presents opportunities for new ways of working and engaging with the public. While stakeholders told us the initial signs are good, we want to see TFW further strengthen its engagement with transport users and have this built-in to its future governance arrangements.

We are grateful to all those who took part in this inquiry. I hope that the Committee's findings can contribute to the development of a body with robust governance arrangements that are appropriate for Wales, and will serve the travelling public well in the journeys ahead of us.

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a long horizontal flourish underneath.

Russell George AM  
Chair, Economy, Infrastructure and Skills Committee



## Recommendations

**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.....Page 24

**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.....Page 24

**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.....Page 24

**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.....Page 34

**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.  
..... Page 36

**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.....Page 42

**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..... Page 46

**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..... Page 48

**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. ....Page 52

**Recommendation 10.** The anonymised results of TfW’s activities to assess staff satisfaction should be published on its website. .... Page 56

**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..... Page 56

**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. .... Page 58

**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. .... Page 58

## Conclusions

**Conclusion 1.** For a relatively new organisation, TfW has been engaging well on a one-to-one basis with key transport stakeholder bodies in Wales. However, the availability of information for the public, for example on the TfW website, has been slow to appear and incomplete. While the Committee recognises the organisation’s willingness to be open, as expressed by its chief executive, it also has a sense that up to now TfW has been providing information, and engaging with stakeholders, on a reactive rather than a proactive basis. TfW must put more information about its activities into the public domain in a systematic way, to ensure its governance structures and operations are clearly understood by stakeholders and the public, and Welsh Government must be equally open and systematic about how it shares information on TfW’s remit and activities. This should include timely publication of TfW remit letters and business plans, as well as the final business case for the future of TfW, which is still awaited. TfW and Welsh Government should review TfW’s stated policy and practice for sharing information, as communicated on the “Openness and Transparency” section of its website. This should be done in consultation with key stakeholders and user bodies in Wales and be informed by best practice of transport executive bodies outside Wales, including the transparency strategy of Transport for London. Information about the consultancy work TfW undertakes should be made public.  
.....Page 24

**Conclusion 2.** While the Committee has not identified a particular governance model as having the greatest benefits for Wales, it has outlined key principles of transport governance against which to measure the model adopted in Wales. Whatever the approach taken by Welsh Government, future transport governance arrangements for regional and national Joint Transport Authorities must clearly support the high-level strategic objective of creating an integrated transport network, and allow TfW to effectively fulfil its role within those governance arrangements. Careful consideration must be given to representation, democratic accountability mechanisms and the arithmetic around decision-making of JTAs. The governance structure must avoid any duplication of functions or roles between the various bodies, and work to maximise the impact and reach of the transport-related expertise available within Wales..... Page 29

**Conclusion 3.** Evidence pointed to the importance of the joint transport authorities at local government level receiving a five year funding commitment, just as Transport for Wales has been given indicative funding over a five year period. Such longer term funding commitments would better support the

development of skills and expertise, and facilitate long-term planning of transport infrastructure.....Page 31

**Conclusion 4.** Whilst acknowledging the proposed advantages of a company model for TfW, the Committee remains to be convinced that it will be the right model going forward. If TfW ultimately takes on the functions either of a specialist transport arm of Welsh Government, or of a transport executive agency, including the possibility of establishing it as a statutory body, then the arms-length nature of its current constitution may have disadvantages, for example in relation to having appropriate scrutiny and oversight. The Committee does welcome Welsh Government’s acknowledgement, following its review of internal sponsorship arrangements for arms-length bodies, that TfW’s governance will need to be reviewed as a result of its wider remit.....Page 32

**Conclusion 5.** While the Committee accepts that TfW is a new organisation that is “evolving”, it has been in existence since 2015 and it is clear that its internal governance structures are also still evolving. Experience suggests that close scrutiny is necessary for a body trusted with discharging the Welsh Government’s duties in the transport field, and full transparency around the operations of that body will be important to give assurance to the Committee and the public. ....Page 34

**Conclusion 6.** Currently the Welsh Government is suggesting that TfW is operating at greater distance from Government than, for example, Transport Scotland. Yet TfW is undertaking work on behalf of the Welsh Government which would previously have been undertaken by the civil service, such as developing bus policy and the transport White Paper: it seems that in practice TfW is acting as an extension of the Welsh Government. Making public comparisons to Transport for London, and other bodies with clearly established policy development responsibilities and statutory powers, may therefore have contributed to the current confusion about TfW’s role. .... Page 36

**Conclusion 7.** It is important for Welsh Government to be very clear about whether it wants TfW to develop into a fully-fledged transport executive body, or to become a specialist arm of government, and whatever the model adopted, to ensure that the lines of accountability for policy development and service delivery are clearly delineated. Transparent operations and robust scrutiny arrangements must be in place to give total clarity about roles and responsibilities, and where accountability lies. .... Page 36

**Conclusion 8.** Evidence suggests that Welsh Government’s approach to setting up Transport for Wales as a limited company, and proposing new national and regional Joint Transport Authorities, are a work-around to overcome the limits of Welsh Government’s powers and the lack of local government reform. In an ideal world this would not be the starting point for establishing a new transport governance structure for Wales, and there is currently insufficient information about the government’s intentions, and how these different bodies would operate and work together effectively. ....Page 42

**Conclusion 9.** There is a strong expectation among stakeholders of future consultation and co-production as JTA proposals are developed and the Committee will expect to see tangible evidence that this is happening. The success of new transport governance arrangements will be dependent on the willingness of partners to work together to deliver the Welsh Government’s strategic objectives for an integrated transport network that works for passengers. ....Page 42

**Conclusion 10.** While local authorities and stakeholders are well-used to collaborating in the field of transport, the trick will be how to strike a balance between the need and desire to deliver some transport functions locally, and the drive to pool and prioritise funding and resources at regional or national level. The Committee looks forward to seeing how local authorities respond to that challenge in their response to the White Paper proposals on Joint Transport Authorities. ....Page 45

**Conclusion 11.** While TfW is not formally designated as a “public body” under the Well-being of Future Generations (Wales) Act 2015, given its functions and responsibilities it is important that it acts as if it has those statutory obligations. The Committee therefore welcomes TfW’s stated commitment to the requirements of the Act, as set out on its website. ....Page 45

**Conclusion 12.** The Committee sees an important role for TfW in helping to coordinate land use and transport planning in Wales to deliver an integrated transport network. It also now has a better understanding of the potential role of regional and national JTAs in providing democratically accountable structures to take the necessary strategic decisions. The availability of funding to implement those strategic decisions is also a critical factor. Given the current level of transport expertise and capacity spread across Wales, the Committee does have concerns about how robust and representative those new structures can be, and the inherent dangers of duplicating functions. It also hopes that greater transparency about TfW’s staffing will demonstrate that it has the right expertise for the job. ....Page 47

**Conclusion 13.** Integrated ticketing and “smart travel” options will make a huge difference to passengers in Wales and TfW is in a good position to help deliver this. Committee members have been making recommendations to Welsh Government on this issue for a number of years. While the Committee does not underestimate the difficulties of achieving this, it has been possible in other parts of the UK and the Committee looks forward to seeing further tangible progress in the near future..... Page 48

**Conclusion 14.** It is important that TfW’s board and executive structure has a balance of expertise appropriate to its role as a transport delivery body that is focused on passenger needs. TfW must operate with a level of openness and transparency that can clearly demonstrate to the outside world that it has the skill sets and lines of accountability necessary to be effective.....Page 51

**Conclusion 15.** The Committee was disappointed to hear about problems with TfW’s partnership working with some trade unions and welcomed TfW’s commitment to improving future partnership arrangements. The committee also notes disquiet about the proportion of consultants within TfW’s headcount. The lack of information about the number of consultants, who they are and what specialised roles they are undertaking, makes it difficult to assess the validity of this approach over directly employing staff. This will be possible when TfW publishes more transparent information about its staffing structure..... Page 56

**Conclusion 16.** The Committee welcomes the Minister’s stated aim of creating a specialist organisation that can help develop transport-related skills across the Welsh public sector. It would like to see the development of TfW lead to a tangible increase in transport-related skills in Wales, and the generation of apprenticeships as part of its work. It also notes the importance of aligning procurement practice to supporting a legacy of skills and training.....Page 57

## Background

Having scrutinised the procurement process for the new Welsh rail franchise the Committee undertook a short inquiry focused on the future development of Transport for Wales.

1. Transport for Wales (TfW) was established in 2015 as a wholly Welsh Government owned subsidiary company limited by guarantee. Its initial purpose was to procure and develop/operate the new Welsh rail franchise and Metro services on the valleys lines – a contract subsequently awarded to KeolisAmey in June 2018. “TfW Rail” services became operational on 14 October 2018.
2. The Welsh Government has ambitious plans for TfW and is currently considering the additional functions the organisation may take responsibility for, and developing a business case.

### Terms of Reference

3. The Committee sought views on the governance and future development of TfW, including:
  - Whether the current governance, structure and funding of TfW are effective and transparent;
  - What action should be taken to develop these aspects of the organisation? And what other governance models and good practice are available?
  - The future role of TfW in delivering transport policy. What additional responsibilities should it take on and how should these integrate with the role of the Welsh Government, local government and emerging regional transport authorities?
4. Shortly after the Committee published its terms of reference, the Welsh Government published its White Paper on improving public transport,<sup>1</sup> which sets out initial proposals for establishing Joint Transport Authorities (JTAs), at both national and regional level. The White Paper makes clear that JTAs will be established by Order using powers under section 5 of the Transport (Wales) Act 2006, with specific changes to existing provisions through a Bill to give the Welsh

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<sup>1</sup> <https://gov.wales/improving-public-transport#content>

Ministers powers to issue guidance and directions, and to intervene where a JTA is failing to exercise its functions effectively. It also asks whether any further functions should be transferred to JTAs.

**5.** The White Paper outlines two different options to establish JTAs, either one national JTA with three regional boards (committees), or one national JTA and three regional JTAs. Consultation on the White Paper closed on 29 March 2019, but more detail on the proposals to establish JTAs will be brought forward in a second White Paper in the autumn before legislation is brought forward. Given the need to co-ordinate TfW's work with these JTAs, the Committee considered their relationship with TfW as part of this inquiry. Other aspects of the White Paper relating to bus services and taxi licensing will be scrutinised separately.

## Evidence gathering

**6.** The Committee visited Manchester to learn more about Transport for Greater Manchester, Transport for the North and Liverpool City Region Combined Authority. A written consultation was undertaken with 27 responses received (see annex). Oral evidence was taken on 14 February 2019 from Professor Iain Docherty, Professor of Public Policy and Governance at Glasgow University, and representatives of Welsh local government regional bodies. On 20 February 2019 evidence was taken from representatives of transport providers and passenger interests, and professional organisations including the Chartered Institute of Logistics and Transport, the Royal Town Planning Institute and the Federation of Small Businesses. On 13 March 2019 evidence was taken from trade unions, TfW and the Minister for Economy and Transport. The Committee has also taken account of the expert views gathered during its scrutiny of the Rail Franchise and South Wales Metro in October-November 2018.<sup>2</sup>

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<sup>2</sup> <http://senedd.assembly.wales/mgConsultationDisplay.aspx?id=328>



# 1. The story so far

## The current structure and governance arrangements

**7.** The Minister for Economy and Transport outlined TfW's governance arrangements to the Committee during the budget scrutiny process in 2018:<sup>3</sup>

- “TfW was established in 2015 under the Companies Act 2006 and is fully accountable to the Welsh Ministers, as a wholly owned subsidiary company limited by guarantee.
- It 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.
- Accountability to the Welsh Government will be secured by a series of strategic levers. Some elements, such as the Articles of Association, are required by law; others help to guide the interaction between TfW and the Welsh Government. The Remit Letter sets out the operational remit and the cumulative funding available from the Welsh Government to support the delivery of the remit. Funding is paid to TfW as a grant quarterly in advance.”

**8.** Up to this point TfW appears to have been operating on the basis of short-term remit letters and a short-term (six-monthly) business plan. The Committee was told by Welsh Government in December 2018 that there had been “a period of time”, of at least a few weeks, when the company was operating without a remit letter. This is inadequate and highlights the importance of TfW's operations being stabilised with robust, long-term governance arrangements.

**9.** TfW established a Board Operating Framework (in December 2018) which makes clear that the TfW Board comprises: the Chair (Non-Executive); Chief Executive (Executive); Finance Director (Executive); and Four Non-Executive Directors.

**10.** While TfW's initial role related to rail services, the Minister made an oral statement to Plenary in January 2018<sup>4</sup> in which he set out ambitious plans for the organisation to take on a “much wider range of transport functions, similar in

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<sup>3</sup> Written evidence EIS(5)-25-18(P5), 7 November 2018

<sup>4</sup> <http://record.assembly.wales/Plenary/4898#A41088>

nature to the operations of Transport for London". He referred to the development of a business case for its future role.

**11.** The Minister said that his "aim is that the public transport network will be increasingly directly owned or operated by Transport for Wales". He also said that the Welsh Government has "for the first time ... committed to a five-year programme of transport capital funding through Transport for Wales for both transport maintenance and new projects". However, the detail of how these functions may develop, and also whether Tfw will have a role in wider transport operations such as aviation, are currently unclear.

**12.** Immediately in advance of giving evidence to the Committee on 13 March 2019, Tfw provided a copy of its Business Plan 1 October 2018 – 31 March 2019, but a long-term Business Plan has still not been published, and the full business case referred to by the Minister in January 2018 is also not yet available. The Committee also noted that during its inquiry, although Board minutes for previous months were being published on Tfw's website, Board papers were still not available despite commitments made on the organisation's website.

## Review of Governance arrangements

**13.** Section 7 of the Tfw Board Operating Framework outlines the approach to reviewing the effectiveness of the Board: at least annually and in conjunction with the Welsh Government, it will review its operating procedures and effectiveness, and consider the current mix and balance of skills and understanding on the Board. The review will concentrate on relationships, documentation and the Board's capacity to challenge. Participation is compulsory for all Board Members.

**14.** The Welsh Government's Consolidated Accounts 2017-18<sup>5</sup> also report that it has undertaken a review of its internal sponsorship arrangements for arms-length bodies (ALBs). For Tfw it notes that "we have recognised the need to review Tfw governance after the broadening of its original remit, given the priority of the projects now being delivered".

**15.** Tfw's chief executive, James Price, told the committee that the first formal review under the Board's Operating Framework with its new Chair, Scott Waddington, would take place in December 2019 or January 2020, but two "mini reviews" had been conducted under the previous interim Chair to "tweak" governance arrangements. He said that two priorities identified more recently by

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<sup>5</sup> [www.assembly.wales/laid%20documents/agr-ld11760/agr-ld11760-e.pdf](http://www.assembly.wales/laid%20documents/agr-ld11760/agr-ld11760-e.pdf)

the board, reflecting changes in senior staffing, had been the need to bring a finance non-executive director on board, and to bring in some transport expertise.

## Operational performance of TfW to date

**16.** While acknowledging that TfW Rail Services had a rocky start in light of the autumn rail disruption shortly after TfW took over operation of the Wales and Borders franchise,<sup>6</sup> most transport stakeholders were positive about TfW's overall performance and the way it had engaged with them.

**17.** John Pockett of the Confederation of Passenger Transport Wales described TfW as having had a "difficult birth", not least because of problems with autumn rail disruption, but said that "they are now getting their feet under the table and I think they've got a clearer vision. There's a lot of work for them to do still, but the engagement is good, and I pay tribute to them on that".<sup>7</sup>

## Transparency and clarity in operations, role and governance

**18.** Uncertainty over TfW's future role was reflected throughout the evidence submitted to the Committee's inquiry, with many responses unsure of what TfW's future remit may be, including the Welsh Local Government Association (WLGA) which states "there has been limited detail on how TfW is intended to evolve in future".<sup>8</sup>

**19.** Following the Committee's 2017 Rail Franchise and the Metro inquiry,<sup>9</sup> it recommended to the Welsh Government that:

"While TfW is a new and evolving organisation there are clear weaknesses in its governance arrangements... [these] should be reviewed and strengthened as TfW evolves."<sup>10</sup>

**20.** The Federation of Small Businesses (FSB) noted this recommendation, accepted in principle by the Welsh Government, and suggests that it is "unclear...[as] to what extent these issues have been addressed". This raises concern for the FSB which states "as [the] OECD puts it ... poor governance is a

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<sup>6</sup> [Economy, Infrastructure and Skills Committee Report: Autumn Rail Disruption, March 2019](#)

<sup>7</sup> Para 16, 20 February 2019

<sup>8</sup> Written evidence

<sup>9</sup> <http://senedd.assembly.wales/mglIssueHistoryHome.aspx?lId=16054>

<sup>10</sup> Recommendation 16 [On the Right Track? The Rail Franchise and South Wales Metro](#)

major reason why infrastructure projects often fail to meet their timeframe, budget, and service delivery objectives”.<sup>11</sup>

**21.** Whilst many of the responses to the current inquiry agreed there is uncertainty over TfW’s future remit, and put forward a number of suggestions as to how the organisation should evolve, there were mixed views in relation to TfW’s governance arrangements and its transparency.

## Relationship with Welsh Government

**22.** As a wholly owned subsidiary company limited by guarantee, TfW is fully accountable to the Welsh Ministers. The Minister for Economy and Transport describes TfW as “an expert delivery body”, separate to Welsh Government, with a clear, specialised dedication to a single goal: to support the delivery of “a transformational integrated transport system in Wales”.<sup>12</sup>

**23.** The Minister’s evidence to the Committee on 5 December 2018 as part of work to scrutinise the Welsh rail franchise highlighted that the day to day relationship between TfW and the Welsh Government is “overseen by the TfW Sponsor Team and the TfW Client Team(s) within the [Welsh Government]”.<sup>13</sup>

**24.** The Sponsor Team role is described by Welsh Government as providing TfW with support in being “an accountable, high-performing organisation, providing value for money services as outlined in their business plan and supporting the Welsh Government in achieving its objectives”.<sup>14</sup> The Client Team is “responsible for setting the programme of works and is the single point of delegated authority, contract ownership and management for specific activities remitted to Transport for Wales”.

**25.** TfW’s business plan for 1 October 2018 - 31 March 2019 states that it will be “encouraged to contribute to the workings and the management of the Welsh Government’s sponsor and client teams”, which implies a symbiotic relationship between the two bodies at this point. Whilst there may be perceived benefits of this closeness, and Welsh Government told the committee it would be “a bit odd”<sup>15</sup> if there were not close links between the company and the Minister, it also

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<sup>11</sup> Written evidence

<sup>12</sup> Written evidence

<sup>13</sup> <http://senedd.assembly.wales/documents/s81691/EIS5-29-18P7%20Evidence%20from%20the%20Cabinet%20Secretary%20for%20Economy%20and%20Transport.pdf>

<sup>14</sup> Written evidence - EIS(5)-29-18 (P7)

<sup>15</sup> Paragraph 308, 13 March 2019

has the potential to create confusion. The precise relationship between Welsh Government and TfW is currently unclear to many external stakeholders.

**26.** The Welsh Local Government Association (WLGA) told the Committee that it understood that the policy function and related roles will remain in the Welsh Government, whilst functions and roles associated with delivery will be undertaken by TfW – it believed this distinction was “not always clear-cut” and that “clarity over respective responsibilities”<sup>16</sup> is needed.

## Improving transparency

**27.** Transparency emerged as a key issue during the inquiry, although views were mixed. There was a recognition from the WLGA that “TfW is a relatively new and growing organisation”<sup>17</sup>, and the Institution of Civil Engineers Wales (ICE Wales)<sup>18</sup>, suggested that a bedding in period may be needed for the TfW board to prove itself. The North Wales Economic Ambition Board (NWEAB) said “the structure and governance arrangements for TfW as a delivery body for Welsh Government appear to be clear”. Others, including WSP<sup>19</sup> suggested that effective governance and transparency are yet to be clearly demonstrated, and Bus Users UK said that the organisation is “reasonably transparent”<sup>20</sup> but would like to see this improve as the organisation develops.

**28.** Railfuture believed there was room for improvement with regard to the current governance, structure and funding of the organisation,<sup>21</sup> whilst the PCS Union suggested that there is no clarity about its governance<sup>22</sup>. This view was mirrored by the trade union Prospect, which did not believe that current governance arrangements for TfW were as effective and transparent as they could be, and stated “the employment practices, terms and conditions within TfW are impossible to identify”.<sup>23</sup>

**29.** Sustrans, Cycling UK and Living Streets raised concerns over:

“the transparency of the governance of TfW, with most of the information about the future role of TfW [emerging in] piecemeal

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<sup>16</sup> Written evidence

<sup>17</sup> Written evidence

<sup>18</sup> Written evidence

<sup>19</sup> Written evidence

<sup>20</sup> Written evidence

<sup>21</sup> Written evidence

<sup>22</sup> Written evidence

<sup>23</sup> Written evidence

Ministerial statements, rather than through the setting out of a formal plan.”<sup>24</sup>

**30.** Bus Users UK said that many people do not understand what TfW is and its role/remit, and called for “a quarterly reporting structure” setting out progress against budget and responsibilities which is accessible to passengers.<sup>25</sup> It identified Transport for London as a model of good practice in transparency and communication, for example most of its meetings are held in public. Transport Focus supported calls for a customer report.

**31.** TfW’s chief executive told the committee he wanted to be as open and transparent as possible, and that the company’s new offices in Pontypridd included a set-up “to allow for public participation in some meetings, public viewing of some meetings”.<sup>26</sup>

**32.** Sustrans and the Community Transport Association (CTA) suggested there had been early confusion on TfW’s role among transport stakeholders. While Sustrans felt generally this had improved, the CTA identified a need for further clarification. And while both transport stakeholders felt the level of information they received as stakeholders on TfW’s activities was improving, they were less clear that sufficient information is publicly available. The CTA said “at the minute, the website is about the rail franchise and the metro, and clearly they are working on much more than that”.<sup>27</sup>

**33.** A number of organisations, including the CPT and Bus Users UK noted the lack of any organisational chart or clear structure below the level of the organisation’s board. Bus Users UK said:

“Although this obviously will be evolving as they evolve, it would be useful to give some indication where certain functions fit, because you’re not sure whether it’s with the Welsh Government, with Transport for Wales. So, there’s a lot of uncertainty around that.”<sup>28</sup>

**34.** When giving evidence to the Committee on 13 March 2019, the Minister and lead official from Welsh Government did not accept there was a lack of clarity

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<sup>24</sup> Written evidence

<sup>25</sup> Paragraph 202, 20 February 2019

<sup>26</sup> Paragraph 183, 13 March 2019

<sup>27</sup> Paragraph 37, 20 February 2019

<sup>28</sup> Paragraph 200, 20 February 2019

about TfW's role and relationship with Welsh Government. Welsh Government's Director for Economic Infrastructure, Simon Jones, said:

"It's important to remember in all of this that Transport for Wales is discharging the Minister's functions, so it would be a bit odd, I suspect, if there weren't really strong links between the company and the Minister, because they're actually undertaking the Minister's duties. They don't have any statutory responsibilities in their own right. They are simply there to discharge responsibilities on behalf of the Minister."<sup>29</sup>

**35.** The Minister went on to emphasise:

"This is the delivery vehicle for Welsh Ministers."<sup>30</sup>

**36.** With regard to the relationship between TfW and Welsh Government and the lines of accountability, the Minister for Economy and Transport also said he was satisfied that there was clarity, whilst acknowledging that there might not be full understanding yet by members of the public. He told the Committee:

"I think they're clear. If we just bear in mind that Transport for Wales hasn't been around for that long, so, to members of the public, it might not be entirely clear, but then equally, I don't think the respective roles and responsibilities in the National Assembly for Wales on the one hand and the Welsh Government on the other hand are completely clear to the public. It does take time for people to understand the respective roles and responsibility, but, as far as I'm concerned, in terms of lines of communication and accountability, I'm satisfied."<sup>31</sup>

**37.** TfW's chief executive, James Price told the Committee that, in addition to TfW's delivery role for rail operations, the South Wales Metro and North-East Wales Metro, and active travel, it was also undertaking what he described as transport planning "consultancy pieces" for both Welsh Government, some parts of local government, and in one instance for the private sector. Other than references in TfW's latest business plan to core activities including "professional advisory and consultancy capacity", the detail of this consultancy work is unclear and this issue is covered in more detail later in the report.

**38.** James Price conceded that although he was clear about what TfW was responsible for, the evidence from stakeholders did show a "lack of clarity about

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<sup>29</sup> Paragraph 308, 13 March 2019

<sup>30</sup> Paragraph 309, 13 March 2019

<sup>31</sup> Paragraph 311, 13 March 2019

what our remit is and what our remit isn't"<sup>32</sup> and that more work could be done on that. The Minister also accepted that there was no "single, go-to point that offers information on who is responsible for what, and I think that that might be something that we can look at".<sup>33</sup>

## Communications, relationships and engagement

**39.** The CTA and Sustrans both agreed with CPT Wales about TfW's positive engagement with them as stakeholders. Christine Boston of the CTA said:

"...in terms of engagement, they have been very, very open with us, and they've taken on board what our members have had to say as well."<sup>34</sup>

**40.** However, when the Committee probed witnesses about how TfW was communicating information and engaging directly with the public, it seemed that more needed to be done by TfW. Steve Brooks of Sustrans was happy with the level of information that TfW shared with him as an important transport stakeholder body, however he went on to say that:

"If I was a concerned citizen who wanted to know what TfW is planning to do on active travel, that information might not be readily available."<sup>35</sup>

**41.** The CTA also noted that TfW is not required to engage with stakeholders to the extent that it currently does, and so if personnel changed then this "could be different in the future".<sup>36</sup> CTA also said that although engagement had been "very good", it was "maybe a little bit of a concern that someone else had to tell them they should perhaps speak to us", indicating how little the organisation had known about community transport in Wales.<sup>37</sup>

**42.** Prof Docherty told the Committee that formal consultation should be a "minimum position" but that engagement through mechanisms like "citizens' panels" is also needed "to reach younger people and older people and those who don't normally respond to formal consultations".<sup>38</sup>

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<sup>32</sup> Paragraph 166, 13 March 2019

<sup>33</sup> Paragraph 321, 13 March 2019

<sup>34</sup> Paragraph 14, 20 February 2019

<sup>35</sup> Paragraph 28, 20 February 2019

<sup>36</sup> Paragraph 39, 20 February 2019

<sup>37</sup> Paragraph 155, 20 February 2019

<sup>38</sup> Paragraph 31, 14 February 2019



**43.** Written evidence from Bus Users UK pointed to an “apparent lack of public focus by TfW”. In oral evidence the witness elaborated highlighting a lack of public understanding of the difference between TfW and TfWRail and reputational damage resulting from recent rail service disruption. Bus Users UK told the Committee:

“we feel there’s very much a hearts-and-minds battle to be fought amongst passengers to regain the confidence of passengers, and we would like to see Transport for Wales being more proactive in going out and engaging with communities, through maybe a series of roadshows, events, just to explain who they are and what, and to manage people’s expectations.”<sup>39</sup>

**44.** Transport Focus referred to focus group work which suggested passengers lacked understanding and information on TfW. On rail, passengers felt they hadn’t been listened to. Transport Focus said:

“I think that the relations that they’re building with organisations like our own are good and there’s a lot to applaud them about. But in terms of their delivery of service to passengers, I think there’s a long way to go yet.”<sup>40</sup>

**45.** Transport Focus highlighted good practice through the West Midlands Bus Alliance which brings together bus operators, local councils and other partners, chaired by Transport Focus.

**46.** Bus Users UK and Transport Focus noted that the Welsh Government has closed its Public Transport Users Advisory Panel. Bus Users UK said:

“The rationale for the closure of the panel is that it was considered that the topics discussed sat better within the TfW advisory architecture. While there is an argument to be made for this, we are concerned at the lack of independent user input into the process.”<sup>41</sup>

**47.** The Minister for Economy and Transport said that the panel had no longer been “fit for purpose” but that there was now “a vacuum”<sup>42</sup>. He acknowledged the importance of establishing “a more formal advisory arrangement to support Transport for Wales so that it would enable passengers and user groups to have

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<sup>39</sup> Paragraph 224, 20 February 2019

<sup>40</sup> Paragraph 196, 20 February 2019

<sup>41</sup> Written evidence

<sup>42</sup> Paragraph 374, 13 March 2019

direct contact with TfW". The Minister saw the advisory group as having a role in helping ensure public awareness about where responsibilities lie. He also noted that TfW was appointing a number of community engagement managers, which the Committee welcomes.

**Conclusion 1.** For a relatively new organisation, TfW has been engaging well on a one-to-one basis with key transport stakeholder bodies in Wales. However, the availability of information for the public, for example on the TfW website, has been slow to appear and incomplete. While the Committee recognises the organisation's willingness to be open, as expressed by its chief executive, it also has a sense that up to now TfW has been providing information, and engaging with stakeholders, on a reactive rather than a proactive basis. TfW must put more information about its activities into the public domain in a systematic way, to ensure its governance structures and operations are clearly understood by stakeholders and the public, and Welsh Government must be equally open and systematic about how it shares information on TfW's remit and activities. This should include timely publication of TfW remit letters and business plans, as well as the final business case for the future of TfW, which is still awaited. TfW and Welsh Government should review TfW's stated policy and practice for sharing information, as communicated on the "Openness and Transparency" section of its website. This should be done in consultation with key stakeholders and user bodies in Wales and be informed by best practice of transport executive bodies outside Wales, including the transparency strategy of Transport for London. Information about the consultancy work TfW undertakes should be made public.

**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.

**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.

**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.

## 2. Future Governance Arrangements

The committee has considered transport governance models used elsewhere and identified key principles to apply to TfW's future development and to consider in developing proposals for Joint Transport Authorities

### Overview

**48.** The committee's inquiry originally focused only on TfW's governance arrangements, but the publication of White Paper proposals for Joint Transport Authorities (JTAs) raised wider questions about transport governance in Wales, and how TfW will relate to both regional JTAs and a national JTA. It was initially unclear to the Committee and to stakeholders as to why TfW itself could not become the national JTA for Wales, and although it is now understood that the JTAs will be local government structures offering democratic accountability for transport decisions, there are still unanswered questions about how duplication of roles and functions can be avoided. The lack of detail in the White Paper makes detailed analysis difficult, but this report identifies some key principles that should apply to the future development of TfW, and also some critical considerations for the development of new JTAs as local government structures.

**49.** The Minister has compared TfW to a range of transport executive bodies, particularly Transport for London. The Committee explored a range of different transport governance models in the UK, seeking to identify the pros and cons of each. It has identified some key principles that should influence the direction taken by TfW, and some that apply to the development of JTAs and the wider transport governance model across Wales.

**50.** Professor Iain Docherty of Glasgow University summed up what he believed was the importance of transport executive bodies in general. It was "to bring together a range of professional people, many of whom might not normally be employed by the central civil service", concluding that "the more specialised the professional agency with responsibility is, the better decision making that you end up with", and that it was important both to take a long-term view, and to have "an open and transparent prioritisation framework for making investment decisions".

**51.** The Committee recognises that each transport governance model will have been shaped by its own history and the local social and spatial challenges. Structures will develop that are tailored to local needs, but this can be

complicated by the need to manage the legacies of past approaches, and to tackle a lack of public understanding about where responsibility for various transport functions lies.

**52.** From the evidence gathered, the Committee has not been able to conclude that one specific model would work best for Wales, but rather that a “pick and mix” approach could take the principles of what works well and apply those principles to a unique Welsh model.

**53.** The chief executive of TFW himself acknowledged the challenges of choosing a model for TFW with all the benefits and none of the drawbacks:

“I think there are probably maybe tens of different ways you could set up an organisation like Transport for Wales with different iterations of governance and different levels of arm’s-length, and I’m not sure there is a right way. I think we’re feeling our way into this, and I think my view is that if we were to try and jump tomorrow into a kind of statutory organisation, then that would be moving too fast.”<sup>43</sup>

**54.** Looking at what works with transport governance elsewhere, coherent geography is important, along with a tradition of collaboration and a bottom-up approach to working together to deliver transport services are both beneficial. For example, a strength of the Transport for Greater Manchester model appears to be a recognition that investment at the centre benefits the whole. Wales’s geography makes creating an organisation that can develop a transport network to serve the diverse needs of Wales’s urban centres and its rural communities an even greater challenge.

**55.** Governance structures like JTAs that bring in local government functions and decision-making must also work in favour of partnership working that stays focused on investing in key strategic projects, that will lead to national benefits for all, rather than a partnership system which favours sharing smaller pots of money across local authorities individually. Professor Iain Docherty explained the potential pitfalls of the “all must have prizes” model well:

“...where you have an urban area with a fragmented system of local governance like you have in south Wales or we have across central Scotland, as soon as you have representation or a decision-making body where there’s an equal set of representatives from each area rather than there being an obvious population influence on the

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<sup>43</sup> Paragraph 158, 13 March 2019

number of members on the decision-making committees, then you very quickly get a kind of decision making where all must have prizes and prioritisation towards fewer, larger projects is very difficult to have. So, the form of joint authority that you create through the members and what the arithmetic of the decision making is can be very influential on the kind of policies and investment choices that that organisation makes."<sup>44</sup>

**56.** It is essential that transport structures and policies integrate and consider all modes of transport as well as active travel, and work across policy areas (e.g. land use planning, health, education, skills). Passenger journeys do not recognise borders, and so there is a need for collaboration beyond boundaries. Consideration of, or a role in, highways is important too, for example to address the impact of congestion on bus services.

**57.** Having explored different governance models the Committee found that transport functions are delivered at different levels reflecting different local circumstances. In some cases this appears complex, which could make it difficult for those looking in to understand where responsibility lies. Although the public generally may not be very interested in who is delivering the service to them as long as it meets their needs, it is important for accountability purposes to have clarity on where responsibility for the various transport functions lies, and to have effective structures to co-ordinate those functions.

## A Partnership versus a Statutory body

**58.** The Committee saw that there were advantages and disadvantages to different transport governance models, whether statutory, non-statutory or partnership arrangements. Transport for the North had moved from a partnership arrangement to a statutory footing, whereas other transport bodies such as Midlands Connect have remained as partnership arrangements.

**59.** A statutory body has the obvious advantage of holding more executive powers, for example to procure staff, and to commission projects. But the formality of statutory arrangements has the potential to affect the dynamics of meetings and decision-making, although a loss of informal partnership working is not necessarily an inevitable consequence of statutory status. Having an independent chair to oversee meetings can also be an important element of the governance arrangement - to help ensure strategic focus.

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<sup>44</sup> Paragraph 66, 14 February 2019

**60.** The Committee noted that super-majority rules and weighted voting rights based on population were a feature of Transport for the North's decision-making procedures, for use in rare instances that decisions could not be reached by consensus. This is an important consideration for a future JTA body that will be balancing different political priorities and making strategic decisions on behalf of all local authorities.

## Key Principles

**61.** Some key principles of what we considered to be good practice emerged:

- Governance structures and scrutiny arrangements must be robust;
- Plans and functions must be transparent. Board meetings should be generally held in public, and papers published, except where private items are justified;
- Plans and policies should be presented in a way which is accessible to the public, and efforts made to ensure roles and structures are understood;
- There should be a strong partnership / collaborative approach – bringing together local and central government, but also businesses and local stakeholders;
- There must be accountability – including to local democracy where local government powers / responsibilities are engaged;
- The body must have sufficient executive powers, e.g. to procure, appoint staff and take decisions on prioritisation of funding;
- Strong consultation, engagement with, and representation of interest groups is vital.

**Conclusion 2.** While the Committee has not identified a particular governance model as having the greatest benefits for Wales, it has outlined key principles of transport governance against which to measure the model adopted in Wales. Whatever the approach taken by Welsh Government, future transport governance arrangements for regional and national Joint Transport Authorities must clearly support the high-level strategic objective of creating an integrated transport network, and allow TfW to effectively fulfil its role within those governance arrangements. Careful consideration must be given to representation, democratic accountability mechanisms and the arithmetic

around decision-making of JTAs. The governance structure must avoid any duplication of functions or roles between the various bodies, and work to maximise the impact and reach of the transport-related expertise available within Wales.

## Funding and long-term planning

**62.** A range of sources of funding are employed by strategic transport bodies and in some cases this seemed to make funding complex, unwieldy and uncertain. Clear long-term funding arrangements seem to be desirable, not least because they cut across electoral cycles and so prevent the delivery of long-term project commitments being thrown off track by a change in local politics – a particular issue to consider for new regional and national JTAs. This point also came up in oral evidence, when Mick Whelan of ASLEF spoke about the importance of long-term planning for an integrated transport network and how transport policy in the UK tended to go “from parliament to parliament”: “we don’t actually do like other countries do, and look at our needs 10, 20, 30 years from now”.<sup>45</sup>

**63.** Long-term funding arrangements also have benefits for the growth and strength of the organisation itself, and therefore its capacity to deliver long-term benefits. Professor Docherty noted that Transport for London’s five year funding from central government was a critical factor in its success,<sup>46</sup> and in Wales the five-year funding commitment to TfW was recognised as significant. Roger Waters of Cardiff Capital Region City Transport Authority said:

“the fact that there’s indicative funding over a five-year period for Transport for Wales is really significant. It means, then, that you can employ a team, a core team, that are going to be with you for a period of time and allow career development, but it also allows you then to invest in development. So, you can bring in apprentices, you can bring in graduates, you can add value then and you can broaden the workforce and widen the workforce for everybody.”<sup>47</sup>

**64.** Simon Jones of Welsh Government also touched on this when giving evidence to the Committee. While describing the benefits of the TfW company model in bringing people in to deliver on a “project-by-project basis”, he said that

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<sup>45</sup> Paragraph 101, 13 March 2019

<sup>46</sup> Paragraph 23, 14 February 2019

<sup>47</sup> Paragraph 190, 14 February 2019



as part of the “bigger picture” there was equally “a need for people to have long-term futures that they can plan their careers in and develop their skills”.<sup>48</sup>

**Conclusion 3.** Evidence pointed to the importance of the joint transport authorities at local government level receiving a five year funding commitment, just as Transport for Wales has been given indicative funding over a five year period. Such longer term funding commitments would better support the development of skills and expertise, and facilitate long-term planning of transport infrastructure.

### Why a limited company model for TfW in Wales?

**65.** As a specialist in transport governance, Professor Docherty was unclear on the motivation for setting up TfW as a limited company. He found it hard to understand why an agency approach (like Transport for London or Transport Scotland) would not be desirable. He gave the example of Transport Initiatives Edinburgh, a private company established to deliver the Edinburgh Tram, which had to be “rescued” by Transport Scotland.

**66.** Professor Docherty noted that the usual reason given for a company approach was recruitment and the ability to pay non-civil service salaries, but said that he had not seen much evidence that this “ever made much difference to outputs”, and found the recruitment argument “slightly lazy”. He pointed out that “good organisation design is not the same as the ownership or the legal status of the company”,<sup>49</sup> that success or failure of a particular model was not usually much to do with ownership, and his test or challenge would be “why this model and why not something that is better understood and more straightforward?”.<sup>50</sup>

**67.** Welsh Government pointed out to the Committee that for other governance models in the UK, “How these organisations operate - their constitution, structure, legislative framework and funding - vary and are as a direct result of the legislative framework that they operate within”,<sup>51</sup> and that TfW’s governance framework does not require any legislation to implement, and is not defined by law. Welsh Government went on to say that given its aspiration for TfW to take on a much wider range of transport functions, the current company structure offers “significant flexibility” to modify these elements in the future. A further reason

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<sup>48</sup> Paragraph 346, 13 March 2019

<sup>49</sup> Paragraph 78, 14 February 2019

<sup>50</sup> Para 78, 14 February 2019

<sup>51</sup> Written evidence

given was that the company model is “more familiar to the commercial organisations with which TfW will need to work closely”.<sup>52</sup>

**68.** The Minister reiterated these points in his oral evidence to the Committee, making comparison with other companies like Highways England. In terms of convenience and ability to move at pace, he said the company model “made perfect sense”, although he did not rule out a change in governance model in the future:

“I should just say, this is where we are today, but it’s not set in stone, and we could move in the future to another arrangement. But I think, in terms of moving at pace, this makes perfect sense.”<sup>53</sup>

**69.** The Minister was asked whether, in terms of the level of independence from Welsh Government, the approach taken with Cardiff Airport, where Welsh Government had taken direct ownership, was seen as a potential model for Transport for Wales. Simon Jones of Welsh Government noted that, unlike the airport, Transport for Wales was not a market operator, but a vehicle for discharging the Minister’s functions, and so although there were some parallels, there were also some significant differences.<sup>54</sup> The Minister did say that taking over the airport had offered an important lesson with regard to appointing board members, in “making sure you’ve got the right mix of professionals who are holding the executive to account”.<sup>55</sup>

**70.** For the local government regional bodies, the company model seemed to be accepted as appropriate, certainly for TfW’s current role. The North Wales Economic Ambition Board (NWEAB) felt that there were good reasons for an arms-length company - to operate independently, and move swiftly. Prospect said that its members did not have any ideological objections to the company model, it had some concerns about the “level of statutory underpinning” and whether the body had the necessary powers and authority to “act on its own in the way it sees fit”<sup>56</sup> - if not then it would just be adding another layer of bureaucracy.

**Conclusion 4.** Whilst acknowledging the proposed advantages of a company model for TfW, the Committee remains to be convinced that it will be the right model going forward. If TfW ultimately takes on the functions either of a

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<sup>52</sup> Written evidence

<sup>53</sup> Paragraph 303, 13 March 2019

<sup>54</sup> Paragraph 341, 13 March 2019

<sup>55</sup> Paragraph 344, 13 March 2019

<sup>56</sup> Paragraph 21, 13 March 2019

specialist transport arm of Welsh Government, or of a transport executive agency, including the possibility of establishing it as a statutory body, then the arms-length nature of its current constitution may have disadvantages, for example in relation to having appropriate scrutiny and oversight. The Committee does welcome Welsh Government's acknowledgement, following its review of internal sponsorship arrangements for arms-length bodies, that TfW's governance will need to be reviewed as a result of its wider remit.

## Risk Management

**71.** It is important that any weaknesses in the organisation's governance arrangements can be identified and addressed. The Board Operating Framework sets out standing committees of the TfW Board which include an Audit and Risk Committee. The minutes of the Board meeting in November 2018<sup>57</sup> stated that TfW's interim Chair was also chairing the Audit and Risk Committee while the organisation looked to appoint a new non-executive Director with a strong finance background. The Board minutes of January 2019<sup>58</sup> noted that post was expected to be filled by mid-March 2019.

**72.** Those January 2019 minutes also noted that in relation to risk management, a more high-level strategic risk register was still in development, and "risks have not been assessed against impact and likelihood and neither do they have a mitigation statement". While the Board was told that mitigating actions were in place for all the risks, these "had not yet been articulated on the risk matrix".

**73.** When questioned on this issue, James Price said that a strategic high-level risk register had been put in place since Scott Waddington took over as TfW Chair in February 2019, and that this was in addition to an ongoing business risk register.

**74.** The Committee also questioned why a pre-appointment hearing was not considered appropriate for the appointment of TfW's Chair. Such hearings are an important mechanism to allow public scrutiny and give assurances about the qualifications and experience of those responsible for future strategic direction and operational performance. The Minister told the Committee he had "no problem at all in doing that"<sup>59</sup> for future appointments, and that it would be appropriate in future for the TfW Chair to appear before the Committee alongside its chief executive.

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<sup>57</sup> <https://tfw.gov.wales/board-minutes>

<sup>58</sup> <https://tfw.gov.wales/board-minutes>

<sup>59</sup> Paragraph 456, 13 March 2019

**Conclusion 5.** While the Committee accepts that TfW is a new organisation that is “evolving”, it has been in existence since 2015 and it is clear that its internal governance structures are also still evolving. Experience suggests that close scrutiny is necessary for a body trusted with discharging the Welsh Government’s duties in the transport field, and full transparency around the operations of that body will be important to give assurance to the Committee and the public.

**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.

## Independence and TfW’s role as a delivery body

**75.** TfW’s role has been described as providing “expert advice” and acting as a delivery agent for Welsh Government. The Committee explored the views of witnesses about the extent to which TfW should be responsible for both policy and delivery functions, and the implications of this.

**76.** Evidence from Professor Docherty pointed to problems with Transport Scotland’s experience of working initially as a delivery body with a narrow remit, and policy development resting with the Scottish Government. He said this caused “an evident tension....between a professional body asked to deliver projects that it hadn’t appraised and it hadn’t prioritised”.<sup>60</sup> The body was later reformed so that all devolved transport responsibilities went to it, so it effectively “acts as a specialist department of Government”.

**77.** In contrast the NWEAB felt it was appropriate that the National Transport Finance Plan and Wales Transport Strategy remained with the Welsh Government along with “the funding and prioritisation” role. Sustrans also felt it right that the Welsh Government sets policy, strategy and budgets, and TfW is the delivery body.

**78.** However, the CTA and CPT wondered why TfW was working on the development of the Welsh Government’s transport White Paper - a policy development role. The CPT said that this did not help with clarity. The WLGA’s written evidence also suggested the distinction between policy and delivery is “not always clear cut” and that “clarity over respective responsibilities” is needed.

**79.** In oral evidence the FSB identified a need to ensure lines of accountability “show clearly that it is independent from Welsh Government”. It asked whether

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<sup>60</sup> Paragraph 28, 14 February 2019

the public would “trust it to be totally independent”<sup>61</sup> in developing large potentially controversial projects.

**80.** The Committee explored this issue of independence with James Price, noting the level of independence that Transport Scotland seemed to have, and questioning how, as a body charged with delivering policy instructions from Welsh Government, it would be able to challenge those instructions:

“...that is a risk for us. I think, in a couple of minor projects that we picked up, that has been a real risk that we’ve encountered, but I would say that the civil service in the Welsh Government has not hidden from that and has realised that themselves, and what we’ve agreed for all projects going forward, actually for the last six months, is quite a strong protocol where we will not take on a project to be delivered, we would not take on a function to be delivered unless the executive team that I lead was happy to recommend it as being deliverable and a sensible thing to do and if our board was also happy to accept that. So, we wouldn’t accept a function or accept a policy requirement that we didn’t believe we could fully deliver.”<sup>62</sup>

**81.** The Committee discussed arrangements in Scotland with the Minister for Economy and Transport, where Transport Scotland is effectively the Scottish Government’s transport department, responsible for policy, strategy development etc. The Minister said:

“...in Scotland, Transport Scotland is so close to Government it is just an extension of the Government’s civil service. Transport for Wales is a separate company, albeit wholly owned by Welsh Government. So, the arrangements are different. I think, in Scotland, it’s possible to achieve what you’ve outlined, but only by virtue of the fact that Transport Scotland is so very close to Ministers.”<sup>63</sup>

**82.** Whilst noting the Minister’s comments, evidence from stakeholders suggests to the Committee that the distinction between TfW and the Welsh Government is unclear, and highlighted the role TfW is playing in policy development. There seems to be a tension between the Welsh Government’s view of TfW’s role in principle, and what is happening in practice.

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<sup>61</sup> Paragraph 317, 20 February 2019

<sup>62</sup> Paragraph 157, 13 March 2019

<sup>63</sup> Paragraph 330, 13 March 2019

**83.** With regard to scrutiny of how TfW is developing and discharging its functions, both the chief executive and the Minister for Economy and Transport expressed a willingness to be open and take the views of the committee on board. The Minister in particular invited the Committee's views on non-executive representation on the Board of TfW and the boards of the new JTAs. Continued transparency and openness is vital, particularly given the level of uncertainty about future governance and operational arrangements.

**Conclusion 6.** Currently the Welsh Government is suggesting that TfW is operating at greater distance from Government than, for example, Transport Scotland. Yet TfW is undertaking work on behalf of the Welsh Government which would previously have been undertaken by the civil service, such as developing bus policy and the transport White Paper: it seems that in practice TfW is acting as an extension of the Welsh Government. Making public comparisons to Transport for London, and other bodies with clearly established policy development responsibilities and statutory powers, may therefore have contributed to the current confusion about TfW's role.

**Conclusion 7.** It is important for Welsh Government to be very clear about whether it wants TfW to develop into a fully-fledged transport executive body, or to become a specialist arm of government, and whatever the model adopted, to ensure that the lines of accountability for policy development and service delivery are clearly delineated. Transparent operations and robust scrutiny arrangements must be in place to give total clarity about roles and responsibilities, and where accountability lies.

**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.

## Future role and relationship with local government

**84.** Local authority witnesses seemed to welcome the role that TfW could play in both delivery and in providing policy advice beyond the Welsh Government. Iwan Prys Jones of the NWEAB said:

“having that arm's-length, professional, well-resourced organisation that can support the delivery of major projects is a critical role to play, and I

think that professional advice bit that they can also offer is also important.”<sup>64</sup>

**85.** Mr Jones saw “clarity emerging” about joint decision-making by Welsh Government and local authorities through a regional transport body with TfW as the delivery body alongside a role for local authorities in delivery:

“And if that partnership works effectively, it ought to be possible to work out relatively straightforwardly who takes responsibility for delivering what bits of the overall picture.”<sup>65</sup>

**86.** However, it is clear that the way that TfW will interact with local authorities and their processes of democratic accountability is not yet clear, and needs to be resolved as part of Welsh Government’s consultation process for developing regional and national transport authorities. Mr Jones said:

“As the role evolves, and as it starts playing more of a leading role...in transport provision, then how that then relates to local authorities and democratic processes in the local authorities needs picking up and resolving.”<sup>66</sup>

**87.** The Cabinet Secretary has outlined various roles that TfW could potentially become involved in, including:

- Delivering aspects of active travel policy;
- Working with joint transport authorities to develop an integrated public transport network covering bus and rail;
- Developing a transport model for south west Wales; and
- Oversight of a national concession for electric vehicle infrastructure.

**88.** On 7 March 2019 the Committee was provided with TfW’s full business plan which describes three overarching functions of “delivering customer-focused services, expert advice and infrastructure investment”. Although the plan makes it clear that TfW does not set policy, and has no statutory functions, it does say that it provides “technical advice to allow the Welsh Government to develop policy”. A question therefore arises as to how TfW will be scrutinised on the advice it provides that influences policy implementation, as well as being scrutinised on

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<sup>64</sup> Paragraph 121, 14 February 2019

<sup>65</sup> Paragraph 157, 14 February 2019

<sup>66</sup> Paragraph 126, 14 February 2019

the policy implementation itself, through its infrastructure investment and service delivery functions.

**89.** Transport Focus in oral evidence identified a need to ensure decisions on further transport functions met the “passenger test” – “... what benefits will it bring to passengers and how will these improve services? Will it create any disbenefits and what effect will it have on passengers? And will it inhibit or prevent development of future benefits?”.<sup>67</sup>

## White Paper proposals for Joint Transport Authorities

**90.** The White Paper proposed two options for JTAs: a single JTA for the whole of Wales with regional boards (i.e. Committees of the national JTA); or a national JTA with three separate regional JTAs. Although local government witnesses and transport stakeholders generally welcomed the proposal for regional JTAs, prior to taking evidence from TfW and the Minister a great deal of confusion was expressed about the role of a national JTA, whether it was needed in addition to TfW, and how TfW would fit within a structure that included a national JTA and regional JTAs whilst avoiding any duplication of roles or functions.

**91.** This lack of clarity was summed up by Professor Docherty when he spoke to the committee:

“I’m not clear why you would want to have, effectively, a national agency and then a separate national joint transport authority. I don’t know whether that’s a quirk of the decision to propose a limited company, but that, to me, sounds like at least one too many organisations.”<sup>68</sup>

**92.** In written evidence to the Committee, Welsh Government set out more on the timeframe for implementing the changes, and indicated a partnership approach to TfW and local authorities working together in the meantime:

“the intention is to develop the further White Paper that sets out greater clarity on the proposed Joint Transport Authority proposal. Whilst the introduction of the Public Transport (Wales) Bill to the Assembly is programmed in February 2020, the work undertaken by TfW to improve bus services across Wales provides an opportunity to build a partnership approach to the delivery of services with local authorities in tandem with developing a new legislative framework.

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<sup>67</sup> Written evidence

<sup>68</sup> Paragraph 93, 14 February 2019



Such an arrangement could inform the best delivery model that would be described in the White Paper to be published in Autumn 2019.”<sup>69</sup>

**93.** James Price told the Committee he had a clear view of how he saw TfW, as a delivery body, interacting with regional and national JTAs as the funding and political decision-making bodies:

“in my conversations with the Welsh Government, we’ve talked about Transport for Wales being the delivery body for and the brand of the bus services, for example, that the JTAs would be managing. So, the JTAs, in my mind, anyway, would be a funding and political decision-making body around the services that were being delivered rather than another layer of service delivery. I think that’s quite an important distinction.”<sup>70</sup>

**94.** TfW saw Regional JTAs as a positive thing, “so long as it’s a governance level, a funding level, and a way for Welsh Government, Transport for Wales and local government to work together in one vehicle”.<sup>71</sup> James Price also seemed to suggest that a national JTA, alongside regional JTAs and the work of TfW, might be necessary as a “statutory or legal requirement” of such a new governance structure, pointing to the need for democratic accountability and avoiding a “democratic deficit”.

**95.** The Committee discussed with TfW’s chief executive the potential difficulties of having a national JTA that would be truly representative of the whole of Wales, given the fragmented nature of electoral decision-making across Wales and its 22 local authorities. James Price said that that there would need to be an “explicit instruction” to prevent any duplication by a national JTA of functions already being carried out by local authorities or TfW. He nevertheless saw the benefits of such a national body in bringing powers together into one body:

“Welsh Government has got certain powers, local government have got other powers. If you brought them together in a body that had all powers, you could do far more effective things. I think what I am positioning is that Transport for Wales—and I think this is the Welsh Government’s view as well—could be the delivery body for those JTAs in the same way that we are the delivery body for Welsh Government,

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<sup>69</sup> Written evidence

<sup>70</sup> Paragraph 249, 13 March 2019

<sup>71</sup> Paragraph 267, 13 March 2019

thereby avoiding the confusion and duplication that was being talked about.”<sup>72</sup>

**96.** The Minister outlined the functions that he saw a national JTA discharging that could not be done by TfW, such as in relation to implementing common standards and reimbursing for concessionary fares. His answer to the question of why these functions could not be carried out by TfW was that these were functions discharged by the 22 local authorities, as opposed to Ministerial functions:

“Well, there’s a big difference between delivery and commissioning, and it’s about pooling the resources of local authorities for a national JTA on those areas of responsibility that are currently discharged at 22 different local authorities and having them contained within one unit. That’s not necessarily something that Transport for Wales could do, because Transport for Wales is responsible for discharging Welsh Ministers’ functions.”<sup>73</sup>

**97.** Simon Jones of Welsh Government expanded on the benefits of delivering some transport functions at the level of a national JTA rather than individual local authorities or by a regional JTA:

“Why have three regional sets of procurement? Why not procure services like buying bus stops, or whatever that might be, just once for Wales? Why not have, instead of having three regional joint transport authorities that do reimbursement of concessionary fares—and we’ve seen some of the problems with concessionary fares reimbursement playing out over recent years—why not do that once in a national organisation?”<sup>74</sup>

**98.** Having looked at how transport bodies in other parts of the UK are evolving, the Committee is mindful of the importance of strong partnership working to overcome local concerns about a “land grab” of transport functions by another body.

**99.** Overall evidence suggested the proposals for regional JTAs in the White Paper are generally welcomed in principle. While many witnesses, particularly the Cardiff Capital Region Transport Authority (CCRTA) and the North Wales Economic Ambition Board (NWEAB), stressed that their organisations’ formal

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<sup>72</sup> Paragraph 259, 13 March 2019

<sup>73</sup> Paragraph 406, 13 March 2019

<sup>74</sup> Paragraph 407, 13 March 2019

positions on JTA are still being developed, CCRTA indicated “the case for regional JTAs is very strong”, while the NWEAB indicated support in north Wales for a regional approach.

**100.** CCRTA, Transport Focus, CPT, Sustrans, and the CTA all highlighted benefits from the previous Regional Transport Consortium model.<sup>75</sup> These included removing inefficiency from individual local authorities planning separately, and facilitating cross boundary delivery. In some parts of Wales collaborative transport functions now form part of the regional bodies that have emerged from City Deals, e.g. the CCRTA.

**101.** Stakeholders have had little involvement in either the development of proposals in the White Paper or the business case for the future development of TfW currently being prepared by Welsh Government. Views about this were mixed. The CPT suggested it was for the Welsh Government to develop the White Paper, with stakeholders feeding into the consultation, and noted surprise that TfW itself had led on it, rather than Welsh Government. Whilst they acknowledged there might be valid reasons for this, it pointed to a lack of clarity about the role of TfW as a provider of “expert policy advice” as opposed to a commissioner of services or delivery agent, and spoke to the “revolving door” argument that had been raised by the FSB<sup>76</sup> about the staffing of TfW and Welsh Government, and the potential conflicts of interest that could arise from that in the future:

“I think that there may be internal reasons—. There is zero recruitment, I understand, in Welsh Government, whereas Transport for Wales have got money so they can take on people. But it doesn’t help in clarity for us, for you, and ultimately for Joe Soap, when they need to know who’s responsible.”<sup>77</sup>

**102.** The Minister confirmed that TfW had been tasked with the work because “frankly, they’ve got capacity, they’ve got the ability, they’ve got the people to be able to do that, and these are functions that are my responsibility. I’ve published the White Paper, so, ultimately, the work that’s been carried out by Transport for Wales on behalf of Welsh Ministers has been published”.<sup>78</sup>

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<sup>75</sup> The four regional transport consortia (the Taith Joint Board for North Wales, TraCC for Mid Wales, SWWITCH for South West Wales and SEWTA for South East Wales) stopped receiving Welsh Government funding in 2014.

<sup>76</sup> Written evidence

<sup>77</sup> Paragraph 26, 20 February 2019

<sup>78</sup> Paragraph 349, 13 March 2019

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**103.** The NWEAB said it had frequent discussions with the Welsh Government but limited direct input into the White Paper. However, it noted that at the moment the document is a high level paper and it hoped that dialogue would continue as detailed proposals for JTAs developed. CCRTA said it expected another White Paper on JTAs which would “hopefully” be co-produced with the regions and local authorities clarifying issues on relationships and roles.

**104.** On the other hand, Transport Focus noted that the former Public Transport Users Advisory Panel, which had been disbanded by Welsh Government, would have expected to have had input into White Paper proposals as an independent voice and a “sense check”.

**105.** The Committee will be doing further work on the white paper during May 2019.

**Conclusion 8.** Evidence suggests that Welsh Government’s approach to setting up Transport for Wales as a limited company, and proposing new national and regional Joint Transport Authorities, are a work-around to overcome the limits of Welsh Government’s powers and the lack of local government reform. In an ideal world this would not be the starting point for establishing a new transport governance structure for Wales, and there is currently insufficient information about the government’s intentions, and how these different bodies would operate and work together effectively.

**Conclusion 9.** There is a strong expectation among stakeholders of future consultation and co-production as JTA proposals are developed and the Committee will expect to see tangible evidence that this is happening. The success of new transport governance arrangements will be dependent on the willingness of partners to work together to deliver the Welsh Government’s strategic objectives for an integrated transport network that works for passengers.

**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.

### 3. Future functions

#### The Committee sought stakeholders' views on what functions TfW should take on in the future

**106.** The committee was keen to know if stakeholders thought that TfW was ready to take on additional functions and what those functions might be. Some witnesses expressed the view that TfW should show it had the expertise in place first,<sup>79</sup> and not “run before it can walk”<sup>80</sup> and TfW’s chief executive agreed with this,<sup>81</sup> but told the committee “we could be ready very quickly”,<sup>82</sup> particularly in the case of “lifting and shifting” an existing civil service function across to TfW.

**107.** Evidence generally suggested greater clarity on the role of JTAs is needed to reach a clear view on the specific role for TfW. However, some general areas were suggested. These included prioritising the integration of transport services and in particular introducing integrated ticketing and “smart travel” options, and integrating other policy functions such as land use planning with transport planning. There were some views expressed about TfW’s role in relation to specific transport modes, including rail freight and highways.

**108.** A number of stakeholders suggested a role in relation to highways. NWEAB highlighted a need to integrate passenger transport with road and infrastructure investment. CILT also indicated that highways should be within TfW’s remit because of the need to integrate highways with wider public transport development and highway freight strategy.<sup>83</sup> CILT did not support a role for TfW with seaports and aviation, although both Bus Users UK and CILT were among those who suggested a possible role in relation to the Cardiff-Anglesey air link.

**109.** Given pressure on budgets, Bus Users UK suggested a role in considering innovative solutions for bus services in rural areas without replacing or duplicating work by others.

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<sup>79</sup> Paragraph 109, 20 February 2019

<sup>80</sup> Paragraph 99, 13 March 2019

<sup>81</sup> Paragraph 236, 13 March 2019

<sup>82</sup> Paragraph 240, 13 March 2019

<sup>83</sup> Paragraph 397, 20 February 2019

**110.** Sustrans said TfW could address weaknesses in delivery of the Active Travel (Wales) Act 2013, by taking on a “policing role” to address the “delivery gap” and in day to day administration of Welsh Government funding for active travel.

**111.** The Committee asked a range of witnesses about the Minister’s comment in his January 2018 statement that his “aim is that the public transport network will be increasingly directly owned or operated by Transport for Wales”. Responses were generally cautious. CCRTA saw this owner-operator role as particularly related to the rail network and that “commissioning local bus services is probably better done at a local authority or regional level because of the local knowledge”.<sup>84</sup>

**112.** The CTA also said “we don’t think that Transport for Wales could effectively be an operator and a commissioner”<sup>85</sup> seeing a conflict of interest between the two roles. The CTA urged caution in not putting local services at risk. In oral evidence the witness said while TfW’s knowledge of community transport was increasing “they were starting, not very long ago, from a baseline of nothing”<sup>86</sup> and might not be aware of all the transport delivery happening in communities so that any action on services may inadvertently impact on existing community transport services.

## Delivering an integrated transport network

**113.** As outlined already, governance arrangements must be geared towards the delivery of strategic policy priorities, and avoid inadvertently creating new layers of bureaucracy or decision-making fora that detract from that goal. The NWEAB supported the idea that the governance structure itself was less important than the strategic priorities and goals of the organisation itself being clearly defined and adequately funded. Iwan Prys Jones said:

“I think there’s a discussion to be had about exactly what is the most effective way of delivering a properly integrated network. And it may well be that it’s a blend of some things being delivered nationally through one governance process and other things being delivered in partnership through some form of regional transport body or joint transport authority, or whatever it may look like at the end of the day. For me, the critical thing is that both local government and Welsh

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<sup>84</sup> Paragraph 153, 14 February 2019

<sup>85</sup> Paragraph 117, 20 February 2019

<sup>86</sup> Paragraph 104, 20 February 2019

Government have got a common view around exactly what the critical priority is to be delivered.”<sup>87</sup>

**114.** The importance of joining up strategies across different policy areas was also recognised. Mr Jones went on to say:

“...The governance is important, but it’s a means to an end. Actually, what’s needed is to deliver the projects that are going to make the difference, which means they have to be prioritised properly and the fundamental question is where the funding comes from to deliver a lot of this stuff. And given that there are debates taking place within the North Wales Economic Ambition Board, the Cardiff capital region, plus other parts of Wales around how economic growth strategies, land use, planning strategies, transport, skills all come together, then the work on transport needs to be seen in that context as well and not just as a piece of work in isolation of everything else.”<sup>88</sup>

**Conclusion 10.** While local authorities and stakeholders are well-used to collaborating in the field of transport, the trick will be how to strike a balance between the need and desire to deliver some transport functions locally, and the drive to pool and prioritise funding and resources at regional or national level. The Committee looks forward to seeing how local authorities respond to that challenge in their response to the White Paper proposals on Joint Transport Authorities.

## The Wellbeing of Future Generations Act

**115.** TfW is not designated as a “public body” under the *Well-being of Future Generations (Wales) Act 2015*. In oral evidence Sustrans was “satisfied that they are actually going in a direction that is compatible with the future generations Act”. However:

“it does need to make sure that it’s embedding the principles of the well-being of future generations Act, and, in practice, even if it wasn’t a public body, I would like to see it, just as a matter of best practice, do the things that other public bodies are doing.”<sup>89</sup>

**Conclusion 11.** While TfW is not formally designated as a “public body” under the *Well-being of Future Generations (Wales) Act 2015*, given its functions and

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<sup>87</sup> Paragraph 173, 14 February 2019

<sup>88</sup> Para 174, 14 Feb

<sup>89</sup> Paragraph 65, 20 February 2019

responsibilities it is important that it acts as if it has those statutory obligations. The Committee therefore welcomes TfW's stated commitment to the requirements of the Act, as set out on its website.

**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.

## Integrated land use and transport planning

**116.** RTPI emphasised TfW's important role in integrating transport into the planning process particularly integrating the emerging National Development Framework with the National Transport Finance Plan.

**117.** RTPI Cymru also noted the importance of TfW's role in building an evidence base for transport, and using that same evidence base to inform integrated transport planning and delivery across Wales. Roisin Willmott of RTPI Cymru said:

“The evidence base is also really important, and I note in the remit letter that Transport for Wales is developing an evidence base...it would be a comfort to know that that could be correlated against local transport plans and local development plans so the same data is being used across all of them...”<sup>90</sup>

**118.** Sustrans also saw an important role for TfW in land use planning: “providing support and scrutiny to local authorities to make sure we're developing in a way that is consistent with transport and not going against it”.<sup>91</sup> RTPI Cymru hoped that TfW had the expertise to take on that role but were not close enough to the organisation to know: “We would hope that they have got in-house planning expertise to enable them to have those linkages”.<sup>92</sup>

**119.** James Price confirmed that TfW had been given a remit on transport and land use planning and was now taking that work forward, building models for transport planning in all parts of Wales.<sup>93</sup> He saw this as the most important thing that TfW could bring to the table:

“the biggest thing that would impact on people's general lives in terms of better places to live, sometimes reducing the need to travel, but

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<sup>90</sup> Paragraph 356, 20 February 2019

<sup>91</sup> Paragraph 110, 20 February 2019

<sup>92</sup> Paragraph 422, 20 February 2019

<sup>93</sup> Paragraph 151, 13 March 2019



when people need to travel, making it effective, making sure public services are provided where they're needed, not where it might be easier to build them...."<sup>94</sup>

**120.** He expanded on how TfW was building its capacity and expertise to take on that role, facilitated by the Planning Wales Act 2015 allowing regional planning, to “pull all of that together”. He implied that scrutiny of how that integration was progressing would be important:

“Now, once we get out of the immediacy of the rail issues that we've been dealing with, and we're beginning to get out of that now, and we build our transport planning expertise, I think that does allow us to engage with local government around their planning activities, but some scrutiny about how all of that hangs together and some holding of us all to account in that would be quite interesting.”<sup>95</sup>

**121.** The Minister also acknowledged that the inquiry had raised important issues about the land-use planning function, describing this as the “third part of the orchestra” after Welsh Government's setting up of TfW and the Development Bank for Wales.

**Conclusion 12.** The Committee sees an important role for TfW in helping to coordinate land use and transport planning in Wales to deliver an integrated transport network. It also now has a better understanding of the potential role of regional and national JTAs in providing democratically accountable structures to take the necessary strategic decisions. The availability of funding to implement those strategic decisions is also a critical factor. Given the current level of transport expertise and capacity spread across Wales, the Committee does have concerns about how robust and representative those new structures can be, and the inherent dangers of duplicating functions. It also hopes that greater transparency about TfW's staffing will demonstrate that it has the right expertise for the job.

## Integrated ticketing and smart travel

**122.** A key benefit of a strategic transport executive body is to coordinate the provision of a seamless travel experience for users. One important example is the provision of the back-office function for integrated ticketing across all modes and by all preferred payment methods. Transport for the North's Integrated and Smart

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<sup>94</sup> Paragraph 276, 13 March 2019

<sup>95</sup> Paragraph 276, 13 March 2019

Travel Programme is working with all operators and local transport authorities to deliver this across the whole of the north of England, from Cheshire and North Lincolnshire up to the Scottish Border. User groups pointed to the importance of making the door-to-door experience for users as easy as possible, but it is not fully clear what role Transport for Wales will play to deliver this for Welsh passengers. Roger Waters of Cardiff Capital Region Transport Authority saw TfW's potential as having the "special capability and capacity"<sup>96</sup> to take on these difficult issues:

"where they offer us a real advantage is giving that capacity and capability to crack some of the real big challenges on behalf of Welsh Government."<sup>97</sup>

**Conclusion 13.** Integrated ticketing and "smart travel" options will make a huge difference to passengers in Wales and TfW is in a good position to help deliver this. Committee members have been making recommendations to Welsh Government on this issue for a number of years. While the Committee does not underestimate the difficulties of achieving this, it has been possible in other parts of the UK and the Committee looks forward to seeing further tangible progress in the near future.

**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.

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<sup>96</sup> Paragraph 131, 14 February 2019

<sup>97</sup> *ibid*

## 4. Skills and Staffing

Capacity, expertise and skills development and retention are key to the success of future transport governance arrangements. There are problems for TfW to overcome and thought must be given to the consequences of the chosen future governance model

### Current organisational structure

**123.** TfW publishes details of its board of directors and executive team<sup>98</sup> but there was general consensus that the structure and resourcing of TfW are unclear, and an organisational chart would be helpful to understand TfW's internal structure. The CPT (Wales) raised concern that there is no public organisational chart of the structure of TfW and that "very few staff are directly employed".<sup>99</sup>

**124.** The CPT also believes that there is a lack of experience in delivering transport policy within TfW's non-executive team, a view shared by Frederick Chandos in responding to the Committee's consultation. He pointed to:

"the low level of direct transport experience amongst the non-executive board and the senior management level compared to other transport authorities, such as Transport Scotland and Transport for London."<sup>100</sup>

**125.** The PCS Union also had concerns regarding TfW's internal structure and suggests that from observing the various TfW job adverts being publicised "it appears the organisation is growing exponentially albeit without any apparent workforce plan".<sup>101</sup>

**126.** The structure of the various aspects of the organisation and the distinction between TfW and TfWRail was also an issue raised in evidence. Transport Focus believes that passengers want a sense that there is "someone" in charge when it comes to the delivery of services, and whilst passengers want someone to take overall responsibility, the public do not necessarily distinguish between the various arms of the organisation. As ICE Wales highlighted, the public "do not see

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<sup>98</sup> <https://tfw.gov.wales/about/team>

<sup>99</sup> Written evidence

<sup>100</sup> Written evidence

<sup>101</sup> Written evidence

the service provider, just the service provided”.<sup>102</sup> Bus Users UK suggested that most members of the public have “little idea what TfW’s purpose is”.<sup>103</sup>

**127.** Railfuture believes that the public being able to understand the distinction between the two is significant and it is “important that there is a clear demarcation between the functions of TfW and TfWRail which is understood by the public”.<sup>104</sup>

**128.** Both Prospect and PCS were clear that there was a lack of transparency in how TfW was staffed, and the terms and conditions for those seeking to move across to the new organisation. The committee points to its recommendations earlier in this report about the importance of openness and transparency to help build public understanding of TfW’s role and functions, and the need to publish a regularly updated organogram.

**129.** In its previous report “On the Right Track? The Rail Franchise and South Wales Metro”,<sup>105</sup> the Committee recommended that, for the rail franchise, “TfW should publish a human resources plan setting out the skills and resource levels required and how these will be secured. This will not only be a working document, but will provide assurance that effective plans are in place and allow for scrutiny”. Welsh Government’s response<sup>106</sup> accepted this recommendation in principle, stating that TfW’s structure has been “designed to be agile and flexible with the ability to scale resources up or down to meet project need and variable requirements” and that “TfW must assure the Welsh Government through its annual Business Plan that it has the resources to deliver its remitted activity, and comply with the Welsh Government’s monitoring arrangements”. The latest TfW Business Plan was for the six month period 1 October 2018 – 31 March 2019 did not include details of a workforce plan.

## The TfW Board and role of non-executive directors

**130.** Evidence from the CPT and CTA identified a lack of transport expertise on TfW’s non-executive board, suggesting this may make it difficult for the board to hold the executive team to account. The CTA suggested there should be at least one non-executive with transport experience.

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<sup>102</sup> Written evidence

<sup>103</sup> Written evidence

<sup>104</sup> Written evidence

<sup>105</sup> [www.assembly.wales/laid%20documents/cr-ld11093/cr-ld11093-e.pdf](http://www.assembly.wales/laid%20documents/cr-ld11093/cr-ld11093-e.pdf)

<sup>106</sup> [www.assembly.wales/laid%20documents/gen-ld11194/gen-ld11194-e.pdf](http://www.assembly.wales/laid%20documents/gen-ld11194/gen-ld11194-e.pdf)

**131.** However, Professor Docherty said that it was “not necessarily” a concern that the non-executive team comprises non-transport specialists. He highlighted the importance of having “third-party non-executive experts as part of board-level decision making” as a “challenge function”. He pointed to the fact that transport relates to wider policy areas – health, education etc. and that the important thing is to maintain focus on the needs of the transport user. So the abilities and skill-sets of someone who acts as a “critical friend”, who understands the limitations of an organisation’s processes and can challenge its decision-making, is very important. It is unclear how far TfW’s board includes expertise of the kind that would be needed to meet this need for informed “critical friends”.

**132.** The CTA also queried whether the register of interests is complete since there are no entries for some board members, and no register of interests for executive directors.

**133.** With regard to the types of expertise needed within TfW, CTA thought that it was important to look to other transport bodies and ensure diverse expertise that would focus on passenger needs. Christine Boston said:

“I think there should be at least one person with experience of transport on the board of a transport organisation, but also someone who has experience of transport from an inclusion and access point of view. Because the needs of all the passengers should be represented and that’s quite specialist. If you look at other transport bodies, they would have a wider range of skills and experiences on there. I think they need to be more diverse.”<sup>107</sup>

**134.** TfW’s chief executive acknowledged the need to urgently bring more non-executive transport expertise onto the TfW Board<sup>108</sup> following recent personnel changes, but both he and the Minister for Economy and Transport emphasised the importance of appointing a TfW Chair with a strong commercial focus and “customer-facing skill set”<sup>109</sup>.

**Conclusion 14.** It is important that TfW’s board and executive structure has a balance of expertise appropriate to its role as a transport delivery body that is focused on passenger needs. TfW must operate with a level of openness and transparency that can clearly demonstrate to the outside world that it has the skill sets and lines of accountability necessary to be effective.

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<sup>107</sup> Paragraph 54, 20 February 2019

<sup>108</sup> Paragraph 131, 13 March 2019

<sup>109</sup> Paragraph 324, 13 March 2019

**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.

## Where will the expertise lie?

**135.** The committee heard strong evidence about the general reduction in transport planning expertise in Wales, which has implications for the delivery of Welsh Government's strategic priorities. TfW's growth may have advantages for building capacity within that body, but there is the shortage of expertise within the local government sector to consider.

**136.** Professor Docherty pointed to the problem of a general loss of transport expertise from the local government sector in recent years:

“...my experience across the UK is that ...that kind of professional expertise has been so hollowed out of local authorities for a variety of reasons: one is the funding environment and, secondly, just that the people that used to occupy transport roles in local authorities are likely to work elsewhere now, either in specialist agencies like TfL or in the private sector.”<sup>110</sup>

**137.** He went on to point out that, outside the largest cities, this meant that it was hard to put together the expertise to make local authorities good transport decision-making bodies, which was unfortunate given their local knowledge:<sup>111</sup>

“I think the evidence is that not many local authorities now are particularly strong, professionally or technically, in transport.”<sup>112</sup>

**138.** This has clear implications for how local authorities can engage with new regional and national structures. How the local authorities themselves respond to Welsh Government's proposals for JTAs, and the question of where transport expertise will lie in future, remains to be seen.

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<sup>110</sup> Paragraph 29, 14 February 2019

<sup>111</sup> Paragraph 29, 14 February 2019

<sup>112</sup> Paragraph 29, 14 February 2019

**139.** Witnesses from Welsh local authorities outlined the negative impact that this lack of expertise and capacity had on the development of transport infrastructure and services in Wales. There is inequity in the ability of different local authorities to bid for projects due to lack of capacity, and the removal of the regional consortia model of collaborative working has also led to inefficiencies in the system. Iwan Prys Jones said:

“The figure I quote often on this is that, if you go back a decade, there were eight fully qualified chartered transport professionals in north Wales. There are now two, and two is not enough to go around six local authorities. So, we need to find different ways of managing the skill base that we have in order to achieve the outcomes we want, which is properly transformed passenger transport services.”<sup>113</sup>

**140.** He warned that a strong partnership approach would be needed to avoid any negative impact on the local authority skills base:

“If all that happens is that one bit of the public sector takes staff from another bit of the public sector in Wales, I don’t see that as really adding much value in the great scheme of things. But if it comes together as a proper partnership, then what we should be able to do is develop and grow the skill base in the country that enables us to be able to deliver projects effectively.”<sup>114</sup>

**141.** Sustrans also pointed to the need to have a “critical mass” of expertise, and whether it was possible to have “some kind of system where there is a central resource of expertise that local authorities perhaps can draw on”.<sup>115</sup> CILT also stressed the importance of building up transport expertise in Wales.<sup>116</sup> The CTA said it was important to be careful as TfW moves forward that the most is made of the existing expertise that is “on the ground”.<sup>117</sup>

## Engagement and partnership arrangements with unions

**142.** The Committee heard strikingly different views from trade union representatives about their engagement and partnership working with TfW. ASLEF, which represents train drivers transferring across from Arriva Trains Wales

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<sup>113</sup> Paragraph 191, 14 February 2019

<sup>114</sup> Paragraph 189, 14 February 2019

<sup>115</sup> Paragraph 99, 20 February 2019

<sup>116</sup> Paragraph 365, 20 February 2019

<sup>117</sup> Paragraph 104, 20 February 2019

to TfW Rail Services, said its relationship with TfW Rail Services specifically, as opposed to TfW as a whole, was better than what had been in place under the previous rail franchise. However, both Prospect and PCS, whose members would work in other parts of the company, had concerns about the lack of partnership working by TfW and transparency about its recruitment of staff. PCS said:

“we finally have union recognition, but what we don’t have is everything else that goes with it, which means how often we would meet with the employer, what our terms of reference are, what it is that we would negotiate and consult with the employer on. So, there’s a raft of issues ....but our experience, unfortunately, hasn’t been a good one so far.”<sup>118</sup>

**143.** Prospect pointed out that Wales generally had a good track record on industrial relations, and PCS said that good practice could already be found in the way that Welsh Government worked in partnership with the unions. In written evidence PCS said that TfW should be “a shining example” of public sector principles and values but that “it currently feels like a missed opportunity”.

**144.** It was felt that engagement could be strengthened in many ways, not least by putting in place a partnership agreement. Representation of unions on the TfW Board was also something that had been proposed but the committee was told this had “fallen on deaf ears”.<sup>119</sup>

**145.** PCS and CPT also raised concerns with the committee about the use of consultants by TfW, and PCS in particular said that its members had complained that consultants were passing off work conducted by civil servants as their own:

“But yes, there are consultants that have been brought in, and also what some of our members are saying is that, quite often, the consultants are not actually going out and talking to the right people. So, that in itself is problematic, and there have been some complaints from people saying that some of these consultants have been accessing research that already exists that civil servants have already carried out and conducted, and taking that information and using it as their own to justify the so many hours that they may have clocked up as a consultant. That’s hugely problematic and, again, this is a perception factor. This is what our members are telling us.”<sup>120</sup>

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<sup>118</sup> Paragraph 8, 13 March 2019

<sup>119</sup> Paragraph 14, 13 March 2019

<sup>120</sup> Paragraph 89, 13 March 2019



**146.** The committee found this particularly troubling, and the union undertook to provide any more, anonymised, information from members that could substantiate this claim. James Price told members that he believed the concerns about consultants might come from a small group of Welsh Government staff who were unsure whether TfW would be taking over their current activities. He said “I think if you were to ask the staff within Transport for Wales how they felt, they would be very comfortable with the way that we are and are not engaging with consultants, because it’s in fact the staff in Transport for Wales who have engaged those consultants themselves”.<sup>121</sup> He subsequently provided the committee with more information about TfW’s headcount and the role of consultants within the organisation. The number of employees had risen from 36 on 1 September 2018 to 73 as of 1 April 2019 and was expected to continue to increase over coming months “to ensure that we have the required knowledge, skills and expertise to deliver our objectives”.<sup>122</sup> TfW also confirmed that: “The number of consultants routinely and regularly engaged is now below 40. The total number available to us is naturally higher via various contracts from which we can draw down services when necessary. There will continue to be a requirement for a certain number of consultants, in order to have resilience and flexibility to act in a timely manner”.<sup>123</sup>

**147.** TfW’s chief executive said he was disappointed at hearing the evidence from PCS and that TfW was committed to work with the unions: “We have written to the Wales TUC and invited a union rep both on our board and on our people committee, and I’m personally committed to do that”. James Price said that he would be taking up discussions with PCS on the perceptions of its members. He believed that they might be perceptions of staff thinking of transferring from Welsh Government over to TfW, rather than staff of TfW, but when asked by the committee if he would be undertaking an annual staff survey to gather the views of employees, he said he was sceptical about taking a once annual “snap-shot view”: “I’ve challenged the team: how do we get some real and honest staff feedback that isn’t just one point in a year? So, we may do more than an annual staff survey”.<sup>124</sup> TfW subsequently confirmed that in addition to a survey it would obtain staff feedback from an interactive session and staff focus groups, and the findings would be shared with the committee.

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<sup>121</sup> Paragraph 202, 13 March 2019

<sup>122</sup> Written evidence

<sup>123</sup> Written evidence

<sup>124</sup> Paragraph 186, 13 March 2019

**Recommendation 10.** The anonymised results of TfW’s activities to assess staff satisfaction should be published on its website.

**148.** With regard to problems Prospect reported on gaining information about terms and conditions in TfW, James Price recognised that for Welsh Government transport staff looking at transferring across, it was the case that TfW was not the civil service and so although he said “TUPE plus” would apply to things like pensions, there were questions over other terms and conditions such as flexi-time, flexible working and hot-desking:

“...we will require skill sets, and we will require skill sets for different lengths of time than the civil service would. So, for example, we may build, or we will build an extension into Cardiff Bay on light rail, and that will be a two or three-year project. We will need specialist people for two or three years who we will employ for that project, and then we won’t need them anywhere. That’s not the way the civil service works.”<sup>125</sup>

**Conclusion 15.** The Committee was disappointed to hear about problems with TfW’s partnership working with some trade unions and welcomed TfW’s commitment to improving future partnership arrangements. The committee also notes disquiet about the proportion of consultants within TfW’s headcount. The lack of information about the number of consultants, who they are and what specialised roles they are undertaking, makes it difficult to assess the validity of this approach over directly employing staff. This will be possible when TfW publishes more transparent information about its staffing structure.

**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.

## Skills development as a function of TfW

**149.** As outlined earlier in this report, the development of TfW offers opportunities to build and retain skills and capacity in transport expertise in Wales, including by generating apprenticeships.

**150.** The Minister thought that TfW would have the appropriate staffing and skill set because it was a specialist body that would be viewed as an attractive employer for transport experts: “we’ve created a specialist vessel to develop skills

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<sup>125</sup> Paragraph 215, 13 March 2019

that can then be utilised not just within that organisation, but across the Welsh public sector”.<sup>126</sup>

**151.** He also agreed with views expressed by others that five-year budgets could have a role in improving skill levels more generally, in particular within the construction sector:

“...because, if you can give certainty to transport-related infrastructure projects, then those firms that are going to be engaged in projects will stop recruiting people on short-term contracts as and when they’re required, and instead they’re more likely to recruit people on a more permanent basis and, in turn, skill people up appropriately in order to deliver against prioritised schemes. So, there could be a significant win not just for local authorities in this regard, but also for the construction firms that are recruited and employed in terms of delivery.”<sup>127</sup>

**152.** The Committee noted that both Transport for Greater Manchester (TfGM) and the Liverpool City Region Combined Authority (LCRCA) had a strong focus on local procurement and creating a legacy for jobs and training. TfGM works to the Greater Manchester Social Value Policy with objectives linked to delivering social value within Greater Manchester that include local employment and apprentices. The LCRCA was also looking to align funding for capital infrastructure with the adult education budget and funding for skills, and link this to local training and apprenticeships – for construction, engineering, business management - getting more young people involved in the rail industry. It has a particular focus on future-proofing of skills that will be needed in terms of emerging technology such as hydrogen trains, and on skills and apprenticeships in the energy industry and advanced manufacturing. Transport for the North has also mapped clusters of “prime capabilities” in different skill areas across the region, e.g. advanced manufacturing, energy and health innovation, to inform transport planning that improves connectivity to support those clusters.

**Conclusion 16.** The Committee welcomes the Minister’s stated aim of creating a specialist organisation that can help develop transport-related skills across the Welsh public sector. It would like to see the development of TFW lead to a tangible increase in transport-related skills in Wales, and the generation of apprenticeships as part of its work. It also notes the importance of aligning procurement practice to supporting a legacy of skills and training.

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<sup>126</sup> Paragraph 403, 13 March 2019

<sup>127</sup> Paragraph 401, 13 March 2019

**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.

**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.

## Annex: Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at: <http://record.assembly.wales/Search/?type=2&meetingtype=446>

Date	Name and Organisation
17 January 2019	Nicola Kane, Transport for Greater Manchester Rod Fawcett, Transport for Greater Manchester Jonathan Spruce, Transport for the North Deborah Dimock, Transport for the North Huw Jenkins, Liverpool City Region Combined Authority
14 February 2019	Professor Ian Docherty, Glasgow University Iwan Prys Jones, North Wales Economic Ambition Board Roger Waters, Cardiff Capital Region Transport Authority
20 February 2019	John Pockett, Confederation of Passenger Transport Steve Brooks, Sustrans Cymru Christine Boston, Community Transport Association Barclay Davies, Bus Users Cymru David Beer, Transport Focus Linda McCord, Transport Focus Roisin Willmott, Royal Town Planning Institute Wales Dr Llŷr ap Gareth, Federation Small Businesses Chris Yewlett, Chartered Institute of Logistics and Transport
13 March 2019	Daniel Maney, Prospect Mick Whelan, Associated Society of Locomotive Engineers and Firemen Shavanah Taj, Public and Commercial Services Union James Price, Transport for Wales Ken Skates, Minister for Economy and Transport Simon Jones, Welsh Government Jenny Lewis, Welsh Government