

# Agenda – Economy, Infrastructure and Skills Committee

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Meeting Venue:

**Committee Room 1 – The Senedd**

Meeting date: 7 June 2018

Meeting time: 09.00

For further information contact:

**Gareth Price**

Committee Clerk

0300 200 6565

[SeneddEIS@assembly.wales](mailto:SeneddEIS@assembly.wales)

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## **Private pre-meeting (09.00–09.15)**

### **1 Introductions, apologies, substitutions and declarations of interest**

### **2 Minister for Welsh Language and Lifelong Learning – Automation and the Welsh Economy**

(09.15–10.00)

(Pages 1 – 20)

Eluned Morgan AM, Minister for Welsh Language and Lifelong Learning

Huw Morris, Group Director SHELL, Welsh Government

Attached Documents:

Research brief

EIS(5)–14–18(p1) Minister for Welsh Language and Lifelong Learning (This paper also covers the Cabinet Secretary for Economy and Transport’s session – item 3)



Cynulliad  
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Assembly for  
Wales

### **3 Cabinet Secretary for Economy and Transport – Automation and the Welsh Economy**

(10.00–10.45)

(Pages 21 – 27)

Ken Skates AM, Cabinet Secretary for Economy and Transport

Mick McGuire, Director Business and Regions, Welsh Government

James Davies, Industry Wales, Welsh Government

Attached Documents:

Research brief

### **4 Paper(s) to note**

#### **4.1 Letter from the Cabinet Secretary for Economy and Transport regarding the interim Chair for Transport for Wales**

(Page 28)

Attached Documents:

EIS(5)–14–18(p2) Letter from the Cabinet Secretary for Economy and Transport regarding the interim Chair for Transport for Wales

#### **4.2 Letter from the Chair of the Petitions Committee – Petition P–05–780 Reopen Carno Station**

(Pages 29 – 32)

Attached Documents:

EIS(5)–14–18(p3) Letter from the Chair of the Petitions Committee – Petition P–05–780 Reopen Carno Station

EIS(5)–14–18(p4) Petition P–05–780 Reopen Carno station

**4.3 Letter from the Minister for Welsh Language and Lifelong Learning regarding Apprenticeship Alternative Completions**

(Pages 33 – 35)

Attached Documents:

EIS(5)-14-18(p5) Letter from the Minister for Welsh Language and Lifelong Learning regarding Apprenticeship Alternative Completions

**4.4 Letter from the Chair of the Equality, Local Government and Communities Committee regarding Making the economy work for people on low incomes**

(Pages 36 – 38)

Attached Documents:

EIS(5)-14-18(p6) Letter from the Chair of the Equality, Local Government and Communities Committee regarding Making the economy work for people on low incomes

EIS(5)-14-18(p7) Report

**4.5 Letter from the Cabinet Secretary for Economy and Transport regarding the rail franchise financial arrangements**

(Pages 39 – 40)

Attached Documents:

EIS(5)-14-18(p8) Letter from the Cabinet Secretary for Economy and Transport regarding the rail franchise financial arrangements

**Break (10.45-11.00)**

**5 Pre-appointment hearing – National Infrastructure Commission for Wales**

(11.00–12.00)

(Pages 41 – 47)

John Lloyd Jones, Preferred candidate for the Chair of the National Infrastructure Commission for Wales

Attached Documents:

EIS(5)-14-18(p9) Letter from the Cabinet Secretary for Economy and Transport

EIS(5)-14-18(p10) John Lloyd Jones – CV

EIS(5)-14-18(p11) Questionnaire

**6 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**

**7 Discussion on Reforming Post-Compulsory Education and Training (PCET): Pre-Legislative Scrutiny Proposals**

(12.00–12.15)

(Pages 48 – 52)

Attached Documents:

Research brief

**Private de-brief (12.15–12.30)**

# Agenda Item 2

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## **Economy, Infrastructure & Skills Committee - Written Evidence – Automation and the Welsh Economy**

### **Purpose of Paper**

1. The purpose of this paper is to provide written evidence to the Economy, Infrastructure & Skills Committee to assist their work in looking at the challenges and opportunities posed by automation in Wales.

### **Introduction**

2. The increasing ability of machines to perform tasks once thought to be the preserve of people is widely expected to have far-reaching consequences for productivity, skills, income distribution, well-being and the environment.

### **Automation and the Welsh Economy**

#### *Current Context*

3. In recent years, the Welsh economy has been performing strongly in a medium term context. The latest figures show that Wales was the fastest growing country in the UK, between 2015 and 2016, with GVA rising to nearly £60bn. Over the same period, GVA per head in Wales increased by 3.5%, the fastest rate of increase of all the UK countries and the second highest increase of all UK countries and regions.
4. The number of active enterprises in Wales is the highest since comparable records began (102,585 in 2017). Wales is maintaining an employment rate well above its historical average, with the level up over 242,000 since the start of the Assembly. At 73.4 per cent, the employment rate in Wales is well above the rate of 65-67 per cent experienced in the mid to late 1990s and the early years of the 2000s and in recent years has been at or close to record levels.

#### *Automation and the Labour Market*

5. Automation has long been a factor in eliminating jobs; however, the decreasing cost of computing power and other advances in digital technologies have the potential to accelerate this process over the next couple of decades. Computers have begun to replace humans in performing explicit (codifiable) routine tasks that follow precise and well-understood procedures such as clerical work (e.g. accounting) and some physical operations in production lines.
6. Historically, tasks that have been hard to describe as a set of steps or that are bounded to particular circumstances have been shielded from automation. These tasks are more abstract in nature and often involve problem-solving capabilities, intuition, creativity and persuasion. However, advances in machine learning and artificial intelligence are expected to expand the capabilities of task automation.
7. There are a range of forecasts for the number of the number of jobs that could be impacted by automation over the next two decades. However, accurate predictions about the future impact are difficult to make due to uncertainties regarding a number of factors such as the rate of technological development and rate of deployment.

## **Economy, Infrastructure & Skills Committee - Written Evidence – Automation and the Welsh Economy**

8. The estimates presented are frequently gross estimates that do not take into account the new jobs that will be created due to new technologies e.g. developing, servicing or operating the next generation of software and machines.
9. Moreover, technological developments often change the type of jobs rather than the total number available.
10. Moreover in developed countries, increasing health care for ageing societies and investment in infrastructure and energy will create demand for work that could offset the displaced jobs.

### *Automation and Productivity*

11. Automation has the potential to deliver significant productivity gains and improvements in the quality of goods and services that raise economic well-being in aggregate. In doing so automation has the potential to help address one of the long-standing weaknesses of the Welsh Economy – relatively low productivity.

### *Automation and Inequality*

12. A critical challenge of automation is likely to be how these improvements in economic well-being are distributed. If the benefits are shared widely, automation can underpin a society where wealth, income and working-time are shared more equitably. In contrast, automation also has the potential to reinforce inequalities of wealth and income.
13. Evidence suggests that jobs with the highest potential for automation are often amongst the lowest paying jobs whilst technological change is expected to increase the incomes of highly skilled labour in roles which augment machines. Similarly, evidence also suggests that the impact of automation will vary between regions, industrial sector, race and gender.
14. As capital in the form of machines becomes more important in the economy, the ownership of capital is likely to become an important determinant of the distribution of prosperity.

### *Speed of Change*

15. There are several factors driving the speed of this revolution. There are the changes that are already happening, the low hanging fruit based on low cost entry of the technology and the limited environment in which it will work. Recent experience suggests that these might be concentrated in particular sectors such as Retail and Wholesale as well as Tradable Services where Call Centres and transactional based back office functions are amenable to automation at low cost.
16. The more difficult areas of automation will be in the Manufacturing Goods and Engineering services, due to the high cost of change (large capital projects requiring longer payback) and the complexity of introduction. In the short term, this means that the impact could be delayed. However, in a global economy, slow productivity improvements could lead to a loss of competitiveness.

## **Economy, Infrastructure & Skills Committee - Written Evidence – Automation and the Welsh Economy**

17. Over the short and medium term, it will be difficult to disentangle the impact of automation from other economic forces such as UK's exit from the European Union, decarbonisation and population change.

### **Digital Innovation Review**

18. In March, the Welsh Government announced that Professor Phil Brown, Distinguished Research Professor at Cardiff University School of Social Sciences, would lead a review into the implications of digital innovation on the future of work and the Welsh economy.

19. The aim of the review is to ensure that the Welsh Government has the evidence base to respond to the fourth industrial age and the next phase of digital and data innovation.

20. The review's terms of reference have been shaped through dialogue with Professor Brown and the social partners including the CBI, FSB, Engineering Employers' Federation, Wales TUC and the Future Generations Commissioner. These have been circulated to Assembly Members and have also been published on the Welsh Government website.

21. An Expert Panel is being convened to support Professor Brown in conducting the review. Invitations to participate in the Expert Panel have already been issued and the first meeting is due to take place in early June.

22. As well as producing interim findings and final recommendations the review will have the scope to provide ongoing advice so that new ideas can be tested and lessons learned at the earliest opportunity.

### **Future of Skills**

23. The Welsh Government is working on the assumption that jobs will be transformed, not eliminated by developments in automation and Artificial Intelligence and that, as a result of this transformation, the skills and competencies required by the workforce of the future will also need to evolve. The rate of transformation, and the subsequent impact on jobs and the skills required, will depend heavily on the scale and pace by which employers decide to adopt new forms of technology.

24. Recent skills surveys show that employers are requiring an increasingly complex mix of skills and competencies when recruiting. Their demands go beyond digital or ICT skills and focus on a combination of problem solving, analytical thinking and advanced communication skills.

25. The Welsh Government is working with the three Regional Skills Partnerships to integrate future employer demand into the planning of our skills provision. For example, as a result of extensive employer input, we have introduced new higher level frameworks into the apprenticeship system in areas required by employers.

26. The Welsh Government recognises that individuals currently working in certain occupations may be at risk from automation. The Welsh Government's Employability Plan sets out a range of measures to support individuals to upskill and to adapt their skills to the changing needs of the labour market.



## **Economy, Infrastructure & Skills Committee - Written Evidence – Automation and the Welsh Economy**

### **Precision agriculture**

27. The advent of precision agriculture offers farmers a way of improving productivity whilst reducing external inputs and costs. It is an increasingly important way of improving resilience in a farm business and will be addressed in the consultation document on 'Brexit and our land', to be published in early July. Precision agriculture needs to be embedded into every aspect of farming through use of better genetics, targeting inputs use and gathering and using data.
28. Technology and innovation, including the use of data, will help the industry modernise, become more resilient and competitive and address its climate change and environmental responsibilities. Precision farming should not be considered in isolation – instead, as part of a broader agriculture and land use strategy post-Brexit. Precision agriculture will help the sector address climate change and environmental responsibilities in line with the Economic Action Plan.
29. The Welsh Government is working with academic institutions to develop projects to do further work relevant to precision agriculture. The Welsh Government is also promoting precision agriculture through Farming Connect initiatives and provision of part-funding for technology through the Farm Business Grant. Making use of technical and business data is crucial for farms to become more resilient and profitable and we are monitoring developments in this area.

### **Autonomous vehicles (AV)**

30. Autonomous vehicles have the potential to improve safety on our roads and increase mobility.
31. The UK Government is responsible for leading on legislative changes needed to allow fully autonomous vehicles to be tested on UK roads. We are engaged with them in potential legislative changes as AV technology develops, concentrating at present on driver assistance systems for travel on high speed roads, remote control parking and trials for vehicle platooning.
32. However, it is possible for certain autonomous vehicles to be tested on roads in Wales and the wider UK, and this could allow any technical problems that may occur in rural areas to be assessed. The Welsh Government is keen to explore and promote opportunities for technology to enhance the travelling experience across Wales.
33. The automotive sector is evolving rapidly and probably at a faster pace than originally anticipated, increasingly adopting new technologies as low emission, connected and autonomous vehicles are increasingly becoming part of the mainstream. These new technologies are today impacting on the plans of car manufacturers all around the World.
34. The Welsh Government is working to ensure that companies in the supply chain in Wales continue to adapt to a changing landscape that is being influenced by the need to improve safety, to broaden mobility and to reduce carbon emissions. The technological changes currently faced present Wales with an exciting opportunity and the Welsh Government will work with the Industry to build on Wales' USP to support this changing market:

## **Economy, Infrastructure & Skills Committee - Written Evidence – Automation and the Welsh Economy**

35. The ten year, £100m investment in Tech Valleys will create an environment for the development and delivery of emerging technologies. Whilst its focus is future autonomous mobility, it is clearly inclusive to the adjacent industries/businesses that are data sectors, e.g. service providers, cyber security, protection and testing.

### **The Internet of Things (IOT)**

36. The Welsh Government is committed to ensuring everybody across Wales has access to a world-class communications infrastructure. Innovation Point's development of a national strategy for 5G, on behalf of Welsh Government, will provide the opportunity for Wales to be at the forefront of this connected technology.

37. Wales is leading on some innovative initiatives to develop a highly-skilled work-ready pipeline of students such as undergraduate students gaining new IoT skills at Cardiff University's National Software Academy and University of South Wales' National Cyber Security Academy. In collaboration with Welsh businesses, they have delivered real-life IoT based projects.

38. Innovation Point, in collaboration with The Accelerator Network, bid for and won the funding from Innovate UK to implement an IoT themed business accelerator in Wales (IoTA Wales).

39. The venture-capital backed IoTA Wales programme, based in Cardiff, has invested £1m cash and expert business mentoring and support into 9 high-growth potential IoT companies, selected from across the UK, Europe & USA. Areas include SCADA security, health-tech, road-surface monitoring, airborne emission controls, smart city transport, parenting devices, smart brewery sensors and virtual reality.

40. The design of inbuilt security of IoT systems from the start is a critical success factor. Wales is well-placed with its globally recognised strength in cybersecurity ecosystem. This brings together business, academia, government and cyber defence creating an opportunity for collaboration and economic growth. Cardiff University and key industries have established an IoT Lab which provides world-leading R&D, including exploration of the security implications of IoT systems.

41. Within Wales there are opportunities and potential for demonstrator scale projects across industrial, public space, and consumer categories.

42. The IoT community in Wales are leading on key enabling themes: security and risk management, harnessing economic value and adoption and implementation.

### **Financial & Professional Services**

43. The Financial and Professional Service industry is leading the way, with sophisticated applications of Artificial Intelligence already being adopted globally. An adaptable and highly skilled workforce will be essential to ensuring that our economy is adaptable to changes caused by the adoption of these technologies, and to seize the opportunities they bring.

44. The biggest obstacles to overcome for almost any customer service centre will be managing multiple customer interactions across many different channels, whilst also

## **Economy, Infrastructure & Skills Committee - Written Evidence – Automation and the Welsh Economy**

providing a seamless experience for every single customer. A combination of skills involving data-science, cyber security and behavioural science all serve to build the talent pool of the future and Welsh Government and academia are strong supporters in these areas.

45. The opportunities of the data revolution and the advances in artificial intelligence are increasingly driving new collaborations across sectors. Our Economic Action Plan sets out to re-cast our support in a way that can help continue to build the industries of the future.

### **Customer Services Industry and Automation**

46. Industry commentators predict that around 30% of low skilled contact centre roles will be lost over the next five years but the demand for medium skilled and higher skilled talent working on new ways of customer interaction will rise, with an overall net loss of around 10%.

47. South Wales is home to a significant cluster of customer service excellence, including the likes of HSBC, Admiral, TUI and UK Government's own shared service operations. These firms recognise that, as Artificial Intelligence and other emerging technology is adopted across the industry, they will need highly skilled people to deal with those more complex and sophisticated customer enquiries that technology cannot answer.

48. The Welsh Government, along with organisations such as the Wales Contact Centre Forum, work together to gather industry insight and intelligence to understand the future of customer services in Wales. The Wales Contact Centre Forum represents the customer services industry in Wales and supports the industry to develop plans to future-proof their operations.

### **Economic Contract and Calls to Action**

49. Automation and digitalisation are one of the cornerstones of the five Calls to Action in the Welsh Government Economic Action Plan. The Welsh Government is focussing its financial support in order to support businesses to prepare for the challenges of tomorrow and to future-proof the Welsh economy and workforce.

50. Harnessing the benefits from automation will require an infrastructure that supports the interconnectivity of devices in an automated environment. This ranges from a multitude of sensors that are not only detecting and monitoring but also passing on data freely to allow the automated devices to respond and deliver different and appropriate outcomes. This level of interconnectivity requires a significant bandwidth and speed to allow such inputs, data and outcomes to be both timely and efficient.

51. The Economic Action Plan sets out the Welsh Government's commitment to deliver fast, reliable broadband across Wales and to enable the market roll out of fifth generation (5G) mobile networks. The Welsh Government will work with mobile operators and OfCom to bring about innovative solutions to rural areas in particular – where Wales' topology presents a major challenge.

# Agenda Item 3

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Ken Skates AC/AM

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Russell George AM  
Chair  
Economy, Infrastructure and Skills Committee

16 May 2018

Dear *Russell,*

Further to the Economy, Infrastructure and Skills Committee meeting on 25 April 2018, I am writing to follow up on the action point relating to the appointment of the interim Chair for Transport for Wales.

Following a Public Appointments process Nick Gregg was appointed as a Non Executive Director to the Transport for Wales Company Board in July 2017. The Advisory Assessment Panel for the process advised me that Mr Gregg was an exceptional candidate with extensive experience as a senior executive director.

Due to his future secondment to Transport for Wales as Chief Executive Officer, James Price, the then Deputy Permanent Secretary (ESNR Group) stepped-down from Chair of the Board from November 2017. To ensure a Chair person was in place through the company's mobilisation of the new rail services contract, I used my power to appoint without competition in order to appoint Mr Gregg as Interim Chair for up to 12 months. The appointment was made on the basis that recruitment to appoint a new Chair through due process would be completed within this time period. I chose Mr Gregg as the Interim Chair as he offered the Transport for Wales Board experience in leading teams through change, as well as driving large scale business transformation.

In accordance with the terms and conditions of their appointment, all Board members must declare publicly any private interests which may, or may be perceived to, conflict with their duties on the Board. In general, all financial interests should be declared. This information will be published on the Transport for Wales website by the end of May.

Yours sincerely

**Ken Skates AC/AM**

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400  
[Gohebiaeth.Ken.Skates@llyw.cymru](mailto:Gohebiaeth.Ken.Skates@llyw.cymru)  
[Correspondence.Ken.Skates@gov.wales](mailto:Correspondence.Ken.Skates@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Russell George AM  
Chair, Economy, Infrastructure and Skills Committee  
National Assembly for Wales  
Tŷ Hywel  
Cardiff Bay  
CF99 1NA

18 May 2018

Dear Russell

## Petition P-05-780 Reopen Carno Station

The Petitions Committee has been considering the above petition since October 2017.

We considered the petition most recently at our meeting on 1 May and agreed that I should write to you to ask:

- whether the Economy, Infrastructure and Skills Committee has any plans to look at the issue of Welsh Government funding for new station development in Wales, including as part of any future consideration of the rail franchise; or
- if it would consider allocating time to do so, as requested by the petitioners.

I have also written to the Cabinet Secretary for Economy and Transport to share a recent submission by the petitioners (enclosed for ease of reference) and to ask for a response to the suggestion that the Welsh Government has revised its policy in relation to directly funding new station development in Wales.




Further information on the Committee's consideration of the petitions, including related correspondence and agreed actions, is available on the Assembly's website at:

<http://www.senedd.assembly.wales/mgIssueHistoryHome.aspx?IId=19836&Opt=0>

I would be grateful if you could send your response by e-mail to the clerking team at [SeneddPetitions@assembly.wales](mailto:SeneddPetitions@assembly.wales).

Yours sincerely



David J Rowlands AM  
Chair

Enc: Petitioner's comments dated 20.4.18



# Carno Station Action Group

David J Rowlands  
Chair  
Petitions Committee  
National Assembly for Wales  
Cardiff Bay, CF99 1NA

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
April 19th, 2018

Dear Mr Rowlands,

## **Petition P-05-780 Reopen Carno station**

Thank you for forwarding us copies of your letter dated 24<sup>th</sup> October 2017 to the Cabinet Secretary for Economy and Transport and of his reply dated 30<sup>th</sup> November 2017. We are grateful for the opportunity to comment on his response and apologise for our long delay in doing so.

Our chief reason for submitting a second petition was that the fundamental shift in Welsh Government policy away from funding new stations itself effectively eliminated the possibility of Carno station re-opening in a reasonable timeframe. This is because the alternative source of funding – the Department for Transport New Stations Fund – only becomes available every few years and because Wales has been disproportionately successful in the first two rounds (winning both Pye Corner and Bow Street).

We fully understand that the powers, funding and responsibility for the development of rail infrastructure in Wales is reserved to the UK government, as Ken Skates points out in his reply. However, this has been the case from the start of devolution, and did not prevent the Welsh Government spending money from its block grant on new stations prior to 2016, using its powers under the Railways Act 2005.

With the help of the National Assembly research service, we have been able to establish the extent of WG government support for new station schemes. In total, an average of £8.5 m per year was spent on new stations (and the new lines associated with some of them) over the 10 year period from 2005-6 to 2014-5. This represented 0.058% of the Welsh Government average annual budget for the period, which was £14.7 bn. [The annual expenditures are detailed in the Table reproduced at the end of this letter.]

It has been suggested to us that the Welsh Government has had to discontinue expenditure on new stations programme because of cuts in the block grant, but in fact the block grant has risen every year since 2014-5 [see Table reproduced below.]

We assume that the Welsh Governments previous policy of supporting the opening of new stations out of its block grant was driven by the desire to promote economic regeneration, especially in disadvantaged areas, and to encourage the move to sustainable transport, in line with its legal obligation to promote sustainability. There can be no doubt that the objectives of economic regeneration and sustainability are as important as ever, so we cannot understand why the Welsh Government has changed its new stations funding policy.

The Cabinet Secretary's reply does not explain why the Welsh Government has decided to stop opening new stations using its own funds, even though the rationale for so doing has not changed. It is all very well to "invest in the rail network to deliver services and infrastructure" as the Welsh Government continues to do, but this prioritises people already served by the railway network over those who are not served. This is the fundamental problem with the current approach of the Welsh Government and we believe it should be held to account for it.

Given the valuable work the former Enterprise and Learning Committee did in highlighting the need for a Carno Station Business Case in the first place, we believe that the successor committee, the Economy, Infrastructure and Skills Committee, should examine the new stations funding issue. We are therefore writing to ask if your committee could refer our petition to them with this in view.



Yours sincerely,

Jeremy Barnes,  
Chairman, Carno Station Action Group & Member of Carno Community Council

		WG New station expenditure (£m)	WG Total Annual Expenditure (£bn)	New station expenditure as a percentage of total
2005-6	New stations on Ebbw Vale	21.8	12.2	0.179 %
2006-7	& Vale of Glamorgan lines;	21.8	13.2	0.165 %
2007-8	Llanharan	21.8	14.1	0.155 %
2008-9	Ebbw Vale line	1.3	14.6	0.009 %
2009-10		1.3	15.8	0.008 %
2010-11		1.3	15.6	0.008 %
2011-2012		0	15	0 %
2012-2013	Energlyn	2.7	15	0.018 %
2013-2014	Pye Corner	1.3	15.8	0.008 %
2014-2015	Ebbw Vale Town	11.5	15.4	0.075 %
	<b>Total</b>	<b>84.8 £m</b>	<b>146.7 £bn</b>	<b>0.058 %</b>
	<b>Average</b>	<b>8.48 £m</b>	<b>14.67 £bn</b>	

**Table 1: Welsh Government Overall Budget Since 1999-2000**  
(Source: Welsh Government)

	<i>£000s</i>				
	TME	DEL	Revenue DEL	Capital DEL	AME
1999-2000	7,453,643	..	..	..	..
2000-01	7,924,332	..	..	..	..
2001-02	9,705,827	..	..	..	..
2002-03	10,514,334	..	..	..	..
2003-04	11,209,877	..	..	..	..
2004-05	11,780,895	..	..	..	..
2005-06	12,739,161	12,238,790	10,961,132	1,277,658	500,371
2006-07	13,757,390	13,235,309	11,729,257	1,506,052	522,081
2007-08	14,566,124	14,084,254	12,516,713	1,567,541	481,870
2008-09	15,280,784	14,583,559	12,917,672	1,665,887	697,225
2009-10	16,557,597	15,759,438	13,817,505	1,941,933	798,159
2010-11	15,866,773	15,583,016	13,830,994	1,752,022	283,757
2011-12	15,465,150	15,037,037	13,641,891	1,395,146	428,113
2012-13	15,483,141	14,985,958	13,673,874	1,312,084	497,183
2013-14	16,167,748	15,765,863	14,439,395	1,326,468	401,885
2014-15	15,816,846	15,374,770	13,934,153	1,440,617	442,076
2015-16	16,099,283	14,843,090	13,296,074	1,547,016	1,256,193
2016-17	16,484,444	14,790,184	13,342,795	1,447,389	1,694,660
2017-18	17,707,901	15,863,072	14,088,198	1,774,874	1,844,829
2018-19	17,662,097	15,474,940	13,866,762	1,608,178	2,062,933

**Note:** Figures up to 2017-18 are taken from the second supplementary budget for the relevant year.

# Agenda Item 4.3

Eluned Morgan AC/AM  
Gweinidog y Gymraeg a Dysgu Gydol Oes  
Minister for Welsh Language and Lifelong Learning



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: MA-P/EM/1577/18

Russell George AM  
Chair of the Economy, Infrastructure  
And Skills Committee  
Russell.George@assembly.wales

21 May 2018

Dear Russell,

Please find enclosed a report on the alternative apprenticeship completions, as requested at the Economy, Infrastructure and Skills Committee meeting on 19<sup>th</sup> April 2018.

I hope you this meets your requirements.

Yours sincerely

**Eluned Morgan AC/AM**  
Gweinidog y Gymraeg a Dysgu Gydol Oes  
Minister for Welsh Language and Lifelong Learning

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Eluned.Morgan@llyw.cymru](mailto:Gohebiaeth.Eluned.Morgan@llyw.cymru)  
[Correspondence.Eluned.Morgan@gov.wales](mailto:Correspondence.Eluned.Morgan@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

## **Apprenticeship Alternative Completions**

### **Purpose**

1. To provide the Economy, Infrastructure and Skills Committee information on alternative apprenticeship completions, this was an action point of the Committee meeting on 19<sup>th</sup> April 2018.

### **Background**

2. In 2013, the Apprenticeships (Alternative Welsh Completion Conditions) Regulations 2013/1468 (the 2013 Regulations) were made. The 2013 Regulations provide individuals working under alternative working arrangements to receive an apprenticeship certificate on completion of a recognised Welsh apprenticeship framework.
3. The standard apprenticeship completion conditions include that a person has entered into an apprenticeship agreement (a contract of service) with an employer, that at the date of the apprenticeship agreement they were following a recognised framework, that the person has completed a course of training for the competencies qualification identified in the framework, that throughout the duration of the course the person was working under the apprenticeship agreement, and that the person meets the requirements specified in the framework for the purpose of the issue of an apprenticeship certificate. Whilst the standard completion conditions covered the vast majority of apprentices, some individuals, specifically those who are self-employed and those who had been made redundant whilst employed as apprentices, were excluded. The 2013 Regulations ensured the continued eligibility and participation for these groups of individuals.

### **The Apprenticeships (Alternative Welsh Completion Conditions) Regulations 2013**

4. The 2013 Regulations set out the circumstances where a person who is either self-employed or who is made redundant will be able to complete a Welsh apprenticeship for the purposes of the Apprenticeships, Skills, Children and Learning Act 2009 (the Act).
5. These alternative working arrangements in summary are:
  - Where a person works as a self-employed person while following a recognised Welsh apprenticeship framework.
  - Where the apprentice who was working under an apprenticeship agreement has started the course of training for the competencies qualification identified in the framework and has been made redundant during the course of the apprenticeship and satisfies the conditions set out in the regulations.
6. The alternative completion conditions enable the completion of an apprenticeship in these prescribed alternative working arrangements. The 2013 Regulations were made to ensure that no self-employed person was artificially excluded in undertaking apprenticeship provision. The 2013 Regulations also support apprentices who have been employed and working under an apprenticeship agreement but who are made redundant.

### **Eligibility**

7. There are no sectors or occupational restrictions for an apprenticeship alternative completion in Wales. Self-employed Learners are eligible for entry to the Apprenticeship Programme as long as all other entry eligibility requirements are met.
8. Wales did not follow England's policy where the equivalent English Alternative Completion Conditions set narrow parameters for self-employment by specifying just a small number of occupational areas.

### **Guidance for the construction sector**

9. Additional guidance has been issued to all of the Apprenticeship Programme delivery providers to ensure self-employed apprentices in the construction sector are sufficiently supported during their apprenticeship.
10. The guidance is outlined below, and if this criteria is not met the Welsh Government will not fund the apprenticeship:
  - a. There will be no self-employed Apprentices at Level 2; self-employed apprentices should only be at Level 3 or above, having already attained at level 2, and must meet all other self-employed criteria.
  - b. The self-employed apprentice must have a minimum of two years experience in a related industry setting prior to commencing an apprenticeship. Examples would include domestic or industrial installation, repair or maintenance, or construction.
  - c. The self-employed apprentice must be effectively supervised by an experienced person in the trade or sector relevant to the apprenticeship. The supervisor must be someone who has sufficient training, experience, knowledge and other qualities that would allow them to assist an apprentice properly. The level of competence required will depend on the complexity of the situation and the particular support required.
  - d. The self-employed apprentice must have proper sign off of tasks/competency by a competent industry person or employer. For example, proof of competency would be signed off by an industry qualified person with proof of competency being a CSCS/CPCS at the appropriate level and occupation, or an Industry regulated Electrical Heating and Ventilation certification.
  - e. The Apprenticeship provider must provide Health & Safety training and the apprentice must have an appropriate CSCS card i.e. an apprentice CSCS card.
  - f. The provider should ensure that the apprentice does not undertake any activities that they are not trained for/or qualified to undertake during the apprenticeship; other than under direct supervision from an industry qualified supervisor (see point d above) and only if the activities do not contravene any legal requirement for competency, such as Gas Safe.

Russell George AM  
Chair, Economy, Infrastructure and Skills Committee

30 May 2018


Dear Russell

### **Making the economy work for people on low incomes**

Please find enclosed a copy of our recent report on making the economy work for people on low incomes. As some of the areas of the report relate closely to your Committee's portfolio, I wanted to share it with you.

We are expecting the Welsh Government's response by 4 July and a plenary debate will follow shortly after this.

Yours sincerely



John Griffiths AM  
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.



We welcome correspondence in Welsh or English.



Gweler isod linc i adroddiad y Pwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau ar wneud i'r economi weithio i'r rheini sydd ag incwm isel.

<http://www.assembly.wales/laid%20documents/cr-ld11562/cr-ld11562-w.pdf>

Please find below a link to the report of the Equality, Local Government and Communities Committee on 'Making the economy work for people on low incomes'.

<http://www.assembly.wales/laid%20documents/cr-ld11562/cr-ld11562-e.pdf>

# Agenda Item 4.5

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Russell George AM  
Chair  
Economy, Infrastructure and Skills Committee

1 June 2018

Dear Russell

I undertook to update you following the completion of discussions with the Secretary of State for Transport on the issue outstanding relating to the franchise financial arrangements.

I am pleased to be able to tell you that the Secretary of State and I have reached an agreement following positive and detailed discussions since September 2017. Our agreement protects both governments' budgetary position in a fair and equitable way, correctly attributes liabilities, and most importantly benefits passengers in Wales and England. Reflecting the cross-border nature of some of our rail services, the agreement also includes a provision from the Department for Transport for England only services.

Dealing specifically with the access charge adjustment issue, the Secretary of State for Transport retains the regulatory risk and opportunity for future changes to access charge payments to Network Rail resulting from regulatory reviews, which means the Wales and Borders rail services contract will be treated in the same way as any other franchise and there will be no negative impact on fares or service levels.

For absolute clarity, following detailed examination of the access charge adjustment issue, our agreement will bring to an end the existing access charge adjustment payment between Arriva Trains Wales and the Department for Transport. In 2017/18 this adjustment payment was £69.85 million, and was forecast to grow with inflation. Members will recall that last year this was reported to lead to a requirement for payments from the Welsh Government to the UK Government totalling over £1 billion over the course of the next 15 year Wales & Borders rail services contract.

With the end to this adjustment payment we have agreed to a new arrangement, similar to the arrangement in place between franchise operators in England and the Department for Transport, which also takes account of the way the Welsh Government is funded.

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Ken.Skates@llyw.cymru](mailto:Gohebiaeth.Ken.Skates@llyw.cymru)  
[Correspondence.Ken.Skates@gov.wales](mailto:Correspondence.Ken.Skates@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Through this agreement, future adjustment payments between the Welsh Government and Department for Transport, or between the Department for Transport and the Welsh Government, will be determined by comparing actual access charges paid to Network Rail to the payments assumed in our rail services contract. If the actual access charges match this assumption there will be no need for an adjustment. Due to the complex nature of the way the Welsh Government is funded for rail services provision, there will be a transition period to account for the HM Treasury's Comprehensive Spending Review (2017-2020) assumption that the adjustment payments would continue at the forecast levels. To address this assumption, the Welsh Government will make two payments to the Department for Transport totalling £24.8 million in 2018/19 and £71.8 million in 2019/20. The agreement is also structured to allow us to revisit the hold harmless arrangements should changes be made to the overall structure of access charges, franchisee payments, Control Periods or the structure of the wider GB rail industry.

In terms of funding the South Wales Metro, the Secretary of State for Transport has reconfirmed his commitment to pay £125m (2014 prices) towards the cost, which we will draw down in line with expenditure. The agreement also includes a mechanism for calculating the adjustment following the transfer of the Valley Lines railway infrastructure.

A copy of the agreement is being prepared for publication and I will ensure you are provided with a copy.



**Ken Skates AC/AM**

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport

# Agenda Item 5

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA – P/KS/1837/18

Russell George AM  
Chair  
Economy, Infrastructure and Skills Committee

25 May 2018

Dear Russell

I'm pleased to let you know that my preferred candidate for the Chair of the National Infrastructure Commission for Wales is Mr John Lloyd Jones OBE, FRAGS, Hon FLI. Assuming a satisfactory pre-appointment report, I intend to appoint Mr Jones for one year.

The calibre of candidates that came forward for this role through the public appointments process was high and I want to thank all those that took the time to put their name forward. I have decided to appoint the Chair on an interim basis for one year to focus on establishing the Commission in its initial phase.

Mr Jones has excellent credentials and offers stability and reliability while I assess the most important skills and knowledge for the Commission in the longer term. He is a seasoned Chair, with wide and varied knowledge of the public and private sectors and, crucially, has the ability and the skills to create a board and get it working quickly. Mr Jones has a track record of leadership and I am confident he will be able to establish a commission capable of successfully assessing infrastructure need and shaping our long-term investment strategy.

I look forward to receiving the report of your pre-appointment hearing.

Yours sincerely

**Ken Skates AC/AM**

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Ken.Skates@llyw.cymru](mailto:Gohebiaeth.Ken.Skates@llyw.cymru)  
[Correspondence.Ken.Skates@gov.wales](mailto:Correspondence.Ken.Skates@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Document is Restricted

## Personal background

1. *Do you have any business or financial connections or other commitments which might either give rise to a conflict of interest in carrying out your duties, or impact on the time you are able to commit to the role?*

I have no business or financial connections that might give rise to a conflict of interest. I am at present a Trustee of the Campaign for National Parks and President of the Snowdonia Society. In gathering evidence for the Review of Designated Landscapes in Wales we found scant evidence of National Parks being a barrier to appropriate development. However there is a public perception, stronger in some areas than on others, that this is not true. NICfW will be a new body and it is important that it starts with a clean sheet. Therefore if my appointment is confirmed, I intend to resign from both positions. This position requires a commitment of five days a month, I have no difficulty with that and from previous experience in both the private and public sectors what you sign up to and what you actually do in terms of time commitment can be considerably different; I accept that situation, what is important is to set up a functioning and useful body

During the past few years I have accepted contracts from the Planning Inspectorate to examine Nationally Significant Infrastructure Projects. I will not be seeking nor accepting any further contracts.

2. *Have you ever held any post or undertaken any activity which might cast doubt on your political impartiality?*

Apart from voting, I have not been involved with or been a member of any political party. My wife has been both a District Council member and a County Council member; she has always stood as an Independent.

3. *How has your experience to date equipped you to fulfil your responsibilities as chair of the Commission?*

As can be seen from my CV, I have had two significant chairing roles. One as Chairman of NFU Wales which included steering the organisation through the BSE Crisis in the mid 90s and secondly as Chairman of CCW for ten years between 2000 and 2010. I have also had numerous other Chairman roles of other organisations with different degrees of complexity.

## Performance of the role

4. *As the Commission will be a new body, how will you build its reputation as an independent body that is able to influence the Welsh Government's approach to the strategic delivery of infrastructure in Wales?*

With others, I will seek to build NICfW's reputation as an independent body based on relevance, competence and strategic thinking including a combination of evidence gathering and analysis and imagination.

5. *How do you intend to build relationships with local and regional bodies across Wales, and also organisations beyond Wales such as the UK National Infrastructure Commission, to ensure that the Commission is able to work across areas where responsibilities of a number of organisations meet?*

Both the Welsh Government's Consultation and the Economy Infrastructure and Skills Committee's response agree that close working between NICfW and the UK National Infrastructure Commission will be essential. I agree and it will be a priority to explore how best this can be achieved. As for building relationships with other bodies, then a combination of informing them of our existence and purpose and a willingness to spend as much time as possible listening would be a good starting point. A review of bodies that should be consulted in one of the Annexes should also be undertaken, there may be some omissions.

6. *What will be your key priorities in this new role?*

Putting together a functioning team as quickly as possible which includes Commissioners with complementary skills that also reflects Wales's diversity, geographic spread, age and gender balance. Settled staff working to a defined budget and operating from an agreed base is equally important. An agreed base for setting up an organisation may not be the same base when the organisation is settled and up and running.

7. *What risks have you identified to the Commission in carrying out its duties?*

The remit of NICfW is to provide advice on economic and environmental infrastructure yet the appointment is made by the Cabinet Secretary for Economy and Transport and I am appearing in front of the Economy, Infrastructure and Skills Committee. Where are the mechanisms for engaging the environmental side of the remit. There is also a need for a clear remit; I confess that I am struggling with the concept of a body which is both "Independent" and "Accountable". The time scales of the three year reports need to be agreed to lessen the temptation of them being used as "political footballs" during

elections. I have no problem with annual reports that monitor progress and work undertaken.

8. *The Committee was keen that the Commission demonstrates an understanding of all parts of the nation. How will you ensure that it takes an approach that looks at the diverse needs of all parts of Wales?*

The answers given to questions 5 and 6 broadly cover this question. A detailed answer can only be given when a fully functioning body is in place when the scale and nature of the challenge is better known. Like all these answers, I must stress that these are my initial thoughts. For a body like NICfW to deliver value then it must function as a team in which the main role of the Chairman is to listen to others.

### **Accountability**

9. *What criteria should we use to assess your performance at the end of your term?*

Progress made at the end of 12 months.

10. *The Cabinet Secretary has said that the Commission's terms of reference will make clear that it will have to conduct itself in line with the principles and goals of the Future Generations act. How do you see the Commission operating within that framework?*

The remit of NICfW fits very neatly with the aims of the Future Generations Act. The strategic infrastructure needs of Wales over a 5 to 30 year period will help Welsh Government and Welsh society to deliver a long term policy that protects the interest of future generations and is based on the need and opportunity to work together in a better and smarter way.

# Agenda Item 7

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