

# Agenda – Economy, Infrastructure and Skills Committee

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Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 23 January 2019

Meeting time: 09.15

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 (09.15–09.25)**

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

**2 Paper(s) to note**

(Pages 1 – 40)

**Attached Documents:**

EIS(5)–02–19(P1) Letter from Nusrat Ghani MP to Chair

EIS(5)–02–19(P2) Letter from the Chair of the Finance Committee to Chair

EIS(5)–02–19(P3) Letter from the South Wales Trunk Road Agency to Chair

EIS(5)–02–19(P4) Letter from the Minister for Economy and Transport to Chair

EIS(5)–02–19(P5) Letter to Chair from Transport for Wales



### **3 City Deals update: Cardiff Capital Region**

(09.25–10.25)

(Pages 41 – 57)

Councillor Andrew Morgan, Leader of the Cardiff Capital Region City Deal

Kellie Beirne, Director, Cardiff Capital Region City Deal

#### **Attached Documents:**

EIS(5)–02–19(P6) Research Briefing

EIS(5)–02–19(P7) Evidence from Cardiff Capital Region

**Break** (10.25–10.35)

### **4 City Deals update: Swansea Bay City Region**

(10.35–11.35)

(Pages 58 – 62)

Councillor Rob Stewart, Leader of the Swansea Bay City Region Deal

#### **Attached Documents:**

EIS(5)–02–19(P8) Evidence from Swansea Bay City Region

### **5 Traffic Commissioner for Wales: Annual scrutiny**

(11.35–12.30)

(Pages 63 – 83)

Nick Jones, Traffic Commissioner for Wales

#### **Attached Documents:**

EIS(5)–02–19(P9) Research Briefing

EIS(5)–02–19(P10) Second Annual Report to the Welsh Government by the  
Traffic Commissioner for Wales

**6 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from item 7**

**7 Scoping Paper: Regional Skills Partnerships**

(12.30-12.35)

(Pages 84 – 93)

**Attached Documents:**

EIS(5)-02-19(P11) Scoping Paper: Regional Skills Partnerships

**Cynulliad Cenedlaethol Cymru**  
Pwyllgor yr Economi, Seilwaith a Sgiliau

**National Assembly for Wales**  
Economy, Infrastructure and Skills Committee

Nusrat Ghani MP  
Parliamentary Under-Secretary (Department for Transport)  
House of Commons  
London  
SW1A 0AA

18 May 2018

Dear Nusrat,

### **Community Transport**

I write to share the concerns of the Economy, Infrastructure and Skills Committee, comprising Members of all political parties represented in the National Assembly for Wales, regarding your consultation on changes to guidance on the use of section 19 and section 22 permits for road passenger transport in Great Britain.

The consultation noted that community transport operators provide vital services. In Wales in 2014 it was estimated that about two million passenger journeys, covering approximately six million miles, were delivered. These services often carry the most vulnerable and isolated members of our society.

In Wales, the changes proposed in the consultation could have a significant impact on the sector and their passengers. Already, the Committee has heard that community transport operators in rural Wales are indicating that the changes will force them to close. Indicative figures suggest that in Powys, many of the key population centres could potentially lose their largest and, for many, their only community transport providers. For many passengers this will be the only mode of public transport available to them. In other areas, no services would survive and in more, only car services would remain.



In many cases commercial bus operators do not have, and are not required to have, appropriately equipped accessible vehicles to carry some of the most vulnerable members of our communities. This means that if community transport services are lost because operators lose wider sources of income or face increased costs there will be no possibility that a replacement provider will be available. I'm sure that the impact both on access to education and healthcare, and the cost of delivering these devolved services, will be clear to you.

Any changes to the guidance must not jeopardise services that acts as a lifeline for so many, and as such, a detailed equality impact assessment should be carried out without delay which specifically considers the needs of Wales. Appropriate mitigation of impacts must be implemented in consultation with the Welsh Government and the Welsh community transport sector.

The Committee shares the concerns set out in the letter sent to you on this issue by the Cabinet Secretary for Economy and Transport on 16 April 2018. That letter is attached for reference.

The effects of this consultation are already being felt in Wales with some community transport operators already reviewing their future ability to provide key services in light of the proposals. The Community Transport Association (CTA) estimates that community transport operators in Wales make up 6.25% of all section 19 and 22 permit holders in Britain (CTA publication attached). Of those:

- 95% of community transport operators in Wales will be effected by the proposals, if implemented as they currently stand;
- 28% of community transport operators in Wales will need to transfer their operation to a PSV 'O' licence, a total of 110 operators and 570 vehicles, and;
- 84% of community transport operators in Wales will need their drivers to obtain Driver CPC, totalling 331 operators. Using MiDAS data, organisations have an average of 10 drivers each so 3310 drivers may be effected in total.



Based on those figures, the CTA estimates the financial cost of implementing the proposals for Welsh operators as they stand at £23,168,755. This figure far exceeds the £250,000 you have set aside to offset the impact of these changes across Britain. We also understand that this funding is for advice on the transition only, rather than the actual cost of implementing necessary changes, and we note that both the Welsh Government and the Community Transport Association are unclear on what proportion of this fund extends to Wales.

The Committee has been concerned to hear that the proposals, even before being agreed or implemented, are being enforced in Wales. We understand that, for permits issued by the Traffic Commissioners' Office, the permit issuing process is largely administrative and does not directly involve Nick Jones, the Traffic Commissioner for Wales. There is evidence that already the Traffic Commissioners' staff in Leeds are refusing applications for Section 19 & 22 permits and in one example has advised an operator that they must transition to an O licence within two months. This also opens the possibility that different permit issuing bodies are applying different standards. We are also aware of instances where the police are attempting to enforce changes through penalty notices despite practice being in line with DfT guidance updated in February 2018.

We are concerned that the approach to implementing this change appears to be poorly co-ordinated and is causing confusion, despite the fact that the Department for Transport will have been aware of the possibility that change may be needed for some time as a result of legal challenges.

We believe it is essential that you act now clarify the status of current guidance and the approach to enforcement – particularly to permit issuing bodies and the police. Furthermore, we call for an appropriate and significant transition period to enable operators to comply with any new guidance to avoid a cliff edge which could have a profound effect on community transport provision in Wales and their passengers.




The Cabinet Secretary's letter makes it clear that the decision to amend this guidance sits with you. Permitting arrangements are not currently devolved. Transport accessibility is also a non-devolved area. The primary levers to address the issues raised by the proposed changes do not, therefore, sit in Wales though their impact is already being felt here.

The Committee therefore calls on you to support this important sector in Wales and ensure that these services are not lost, leading too many vulnerable and disadvantaged people in communities across Wales feeling lost too. The Committee urges you to look again at these proposals and work with the Welsh Government and the sector to better understand and protect these vital services in Wales by managing and minimising the impact on services.

I am copying this letter to the Secretary of State for Wales, the Welsh Government, the House of Commons Transport Select Committee, and all Welsh MPs. I look forward to receiving your reply.

Yours sincerely,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a large initial 'R' and a long horizontal flourish at the end.

Russell George AM  
Chair Economy, Infrastructure and Skills Committee  
National Assembly for Wales





Department  
for Transport

Russell George AM  
Chair Economy, Infrastructure and Skills Committee  
National Assembly for Wales  
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From the Parliamentary  
Under Secretary of State  
**Nusrat Ghani MP**

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Our Ref: MC/227006

17 DEC 2013

Dear Russell,

Thank you for your letter of 18 May expressing the concerns of the Economy, Infrastructure and Skills Committee, about community transport in Wales. I am sorry for the delay in responding.

The Department fully recognises the importance of the community transport sector. Community transport operators provide vital services that encourage growth and reduce isolation by linking people and communities to existing transport networks, jobs, education, shops and services.

The UK Government shares the Economy, Infrastructure and Skills Committee's wish to maintain the provision of high quality and safe local community transport for vulnerable passengers. I recognise that clarity over how the licensing regime applies to community transport operators is needed. I know that this is an important issue not only to those commissioning and operating services but also to the local communities who rely on the services.

As you may be aware, it is compliance with a directly applicable EU Regulation (1071/2009) which is the issue. When the Regulation was negotiated, the Government's view was that community transport operators would fall under the exemption for operators engaged in road passenger transport exclusively for 'non-commercial' purposes. This was on the basis that 'not-for-profit' equated to 'non-commercial'. However, this has been challenged, with some commercial operators claiming that they are facing unfair competition from community transport operators.

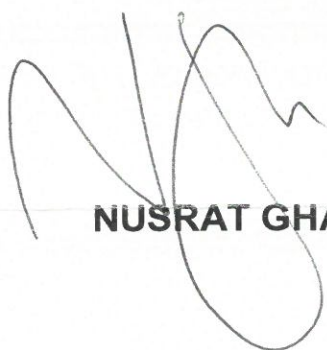


Through the consultation workshops and consultation responses we have sought to ensure that we are aware of any issues specific to the community transport sector in Wales. On 20 July 2018, the Department issued an Interim Summary of Responses to its consultation, which can be found at: <https://www.gov.uk/government/consultations/section-19-and-22-permits-how-to-apply-eu-regulation-10712009>. The Interim Summary explained that the consultation resulted in a large number of lengthy and complex responses. From these it is clear that there is no consensus amongst stakeholders on how the Regulation applies to the community transport sector. I can assure you that the Department is working to address all the legal and other issues raised by the Regulation and I intend to announce the Government's response in the next few months.

While the Department decides its final approach, we have issued guidance that it would in general be premature for any local authority to end or withhold community transport contracts. The Department wrote to all local authorities in England, Scotland and Wales during May 2018 to reiterate that message, which was also emphasised in the Interim Summary of Responses.

Your letter refers to decisions made by the Traffic Commissioner for Wales and the police. The Traffic Commissioners are independent of Government, reflecting their quasi-judicial role. Decisions on the suitability of individual applicants for permits are for them to determine, and not something in which Ministers can intervene. Similarly, the Department cannot interfere with the rightful exercise of police powers. If you would like further information on any of these cases you will need to contact the relevant enforcement bodies.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Nusrat Ghani', written over a horizontal line.

**NUSRAT GHANI**

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**Cynulliad Cenedlaethol Cymru**  
Pwyllgor yr Economi, Seilwaith a Sgiliau

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**National Assembly for Wales**  
Economy, Infrastructure and Skills Committee

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Llyr Gruffydd AM  
Chair of the Finance Committee

18 October 2018

Dear Llyr,

### **Funding for major infrastructure projects – Mutual Investment Model**

At its meeting on 3 October 2018, the Economy, Infrastructure and Skills Committee received briefing from Professor Gerry Holtham on financing for infrastructure projects and from Welsh Government officials on the Mutual Investment Model (MIM). I am writing to you to highlight some of the Committees concerns following those briefing sessions.

MIM reflects learning from the past use of PFI and PPP, and seeks to recognise where risk can effectively be transferred and where it cannot. The Committee was pleased to hear that soft services would not be included in a MIM and that provision for active contract management would be built in to the project from the start. In addition, a set of standardised contracts that seek to deliver community benefits and a return on any refinancing gains should deliver further improvements and greater value for money on previous models.

Although there are still questions around the availability of skilled, experienced staff able to deliver the improved contract management necessary to the success of the model, the Committee agreed that MIM appears to be a well thought through model that delivers significant improvements on previous models. However, the Committee was concerned about the context in which MIMs are



used. The Committee heard that the model could be used to deliver sections five and six of the A465, Velindre cancer centre, and Band B of the 21<sup>st</sup> Century Schools programme. The financing of these projects in this way seems to suggest that financing decisions are not taken within the context of a strategic, planned approach to infrastructure delivery.

No Government would borrow if it had ample budget to deliver its plans, but if its ambitions outstrip its capital means and there is a compelling case for delivering those ambitions, then prudent borrowing options are available. Professor Holtham described the issuing of Government bonds as 'much cheaper' than the funds that could be raised by private investors, especially for more complex or higher risk projects. The funding ceiling for such gilts is set at £1 billion in Wales, but the Committee has not got a sense from recent inquiries that this funding option was being considered as part of a wider discussion around the right investment type to deliver a part of a planned programme of projects. Rather, it seemed that MIMs are to be used when projects of sufficient size become a priority for delivery. Given that many of the positive aspects of MIMs – improved contract management; community benefits and adoption of environmental and employment codes of practice – can also be delivered through traditional procurement, it seems illogical to deliver complex projects like band B of the 21<sup>st</sup> Century Schools Programme through MIM when other, cheaper, financing options are available.

The EIS Committee will continue to scrutinise the funding of major infrastructure projects, but there appears to be a wider financial point of principle to be considered. Therefore, the Committee has asked me draw these concerns to your attention and ask if you have any plans to scrutinise the capital funding strategy of the Welsh Government.

The Clerk of the EIS Committee is able to supply further background information on these issues if that would be helpful.



Thank you for considering this issue. I look forward to receiving your response in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Russell George". The signature is stylized with a large, sweeping initial "R" and the name "Russell" written in a cursive script.

Russell George  
Chair



Russell George AM

Economy, Infrastructure and Skills Committee

7 January 2019

Dear Russell,

### **Funding for major infrastructure projects – Mutual Investment Model**

Thank you for your letter concerning the Welsh Government's proposed use of the Mutual Investment Model for major infrastructure projects, and raising your concerns around its use.

The Committee have also received a briefing on the mutual investment modal and have agree to undertake a wider piece of work on Capital Funding in 2019. As part of this inquiry the Committee will consider the Mutual Investment Model.

Yours sincerely,



Llyr Gruffydd AM

Chair of the Finance Committee



Richard Jones, Head of Service, South Wales Trunk Road Agent  
Unit 12, Llandarcy House, The Courtyard  
Llandarcy  
Neath  
SA10 6EJ

18 October 2018

Dear Richard,

**RE: EIS Committee further information**

Thank you for your letter setting out your approach to carrying out Welsh TRA's obligations under the Active Travel Act. Whilst you clearly understand your specific responsibilities, we cannot overemphasise the importance the committee attaches to relevant public bodies acting to increase awareness of the requirements of the Active Travel Act at every opportunity. Given that the Act is both unique to Wales and relatively new, we believe there is a need to take action to ensure your employees and contractors are aware of their new responsibilities.

The English equivalent to your organisation, Highways England, has produced a cycling strategy (copy attached), which clearly sets out their approach to cycling provision. We would not argue that you need to replicate the document, since your responsibilities are somewhat more limited. However, we would recommend that you consider producing a simpler version of the document – stating your commitment to the provision of active travel facilities, and setting out how your employees and contractors should meet that commitment. The document could thus be aimed primarily at your employees and partners, rather than the public.



We would particularly welcome explicit statements on the need to meet the requirements of Section 9 of the Act, i.e.:

1. The Welsh Ministers and each local authority must, in the exercise of their functions under Parts 3, 4, 5, 9 and 12 of the Highways Act 1980 (creation, maintenance and improvement of highways, interference with highways, and acquisition etc. of land), take reasonable steps to enhance the provision made for walkers and cyclists, in so far as it is practicable to do so.
2. The Welsh Ministers and each local authority must have regard to the needs of walkers and cyclists in the exercise of their functions under –
  - a) Parts 1, 2, 4 and 7 of the Road Traffic Regulation Act 1984 (general and special traffic regulation, parking spaces and obstructions),
  - b) Part 3 of the New Roads and Street Works Act 1991 (street works), and
  - c) Part 2 of the Traffic Management Act 2004 (network management by local traffic authorities).

Whilst many of these duties will be a matter of the design of the highways scheme, much will still depend on the approach of people actually undertaking the work. In particular, it is important that the distinct needs of walkers and cyclists are properly considered when a route is blocked and that alternative routes specific to their needs are provided and properly signed.

We note that Highways England's commitment to "*training and developing our planners, designers, engineers and service providers to think differently about cycling infrastructure*". A similar commitment from the Welsh Trunk Road Agencies would be appreciated.

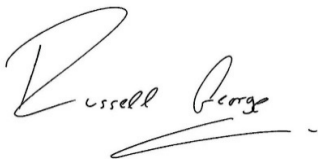
We also think you should consider how best to highlight the importance of following the Design Guidance, and paying due regard to the Existing Roads Map and the Integrated Network Map.



Finally, it would also be useful to emulate the attached Highways England statement on the value of involving local users, and providing contact details for organisations that can offer advice on active travel issues, such as Living Streets and Sustrans.

Thank you for your ongoing consideration of this issue.

Yours sincerely,

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







**Asiant Cefnffyrdd De Cymru**  
**South Wales Trunk Road Agent**



Yn gweithio ar ran  
**Llywodraeth Cymru**  
Working on behalf of the  
**Welsh Government**

17 December 2018

Date

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Enquiries

Contact

Your Ref

E1804053/E1805573/M/WG/EISCommittee/RJ/CLF

Our Ref

(Please quote in all replies)

Russell George AM  
Chair  
Economy, Infrastructure and Skills Committee

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

Dear Sir

**RE: EIS COMMITTEE FURTHER INFORMATION.**

Thank you for your recent correspondence in relation to the South Wales Trunk Road Agent's (SWTRA) compliance with the Active Travel Act Wales.

In order to set context to our response I have provided a clarification of roles and responsibilities in the management of the Trunk Road network in Wales.

The role of the Trunk Road Agents in Wales differ slightly to the model adopted by Highways England, and whilst we work closely with Welsh Government, our role is predominantly as an operational and delivery organisation, implementing maintenance and improvement schemes on the network.

The setting of policy and the identification of scheme content and scheme prioritisation on the trunk road network is the role of the Welsh Government transport division. As such consideration of opportunities or programmes for the enhancement of the provision for walkers and cyclists falls within their remit. We thank you for enclosing a copy of Highways England Cycling Strategy and this has been forwarded to the Welsh Government for their consideration.



**Richard Jones** BSc(Hons) C.Eng C.Env FICE FCIHT  
**Head of Service - South Wales Trunk Road Agent**  
**Pennaeth Gwasanaeth - Asiant Cefnffyrdd De Cymru**

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In relation to your enquiry as to what provision has been made for raising awareness with our contractors of the consideration that should be made for walkers and cyclists during the construction of schemes on the network, I enclose for your information a copy of Welsh Government National Approach for Road and Street works in Wales.

This document has been widely circulated to the street works industry and clearly sets out Welsh Government's expectations under the Active Travel (Wales) Act on contractors during the delivery of projects. We will be taking the opportunity in the New Year to write to our supply chain to reiterate our expectations and to remind them of the expectation of this act as stated in this document.

In terms of design work undertaken by the SWTRA on the motorway and trunk road network in South Wales, this has to be undertaken both in consideration and compliance with the Design Manual for Roads and Bridges. This suite of documents contains information about current design standards, advice notes and other published documents relating to the design, assessment and operation of trunk roads and motorways.

With regard to walkers and cyclists, these are catered for within these design standards demonstrable through a number of individual documents, in particular through the application of HD 42/17 - Walking, Cycling and Horse-riding Assessment and Review. The purpose and application of this particular document is to facilitate the inclusion of all walking, cycling and horse riding modes in the highway scheme design process from the earliest stage which would then enable the design team to identify opportunities for improved facilities and integration with both local and national networks.

To bolster this approach further SWTRA is in the process of developing a screening process through its quality management procedures whereby projects will be checked against the requirements of HD 42 and Active Travel Design Guidance at the early design stage to allow Welsh Government the opportunity to consider any opportunities for non-motorised users and whether these are to be incorporated within the scope of the project moving forward.

However, in advance of the 2019/20 delivery programme, SWTRA have requested the opportunity to have a workshop with Welsh Government Transport officials in the New Year so that an opportunity can be provided to discuss and review the expectation on the Agent in relation to this area of work and to address some of the points which have been raised in your correspondence.

I trust that this information is of assistance and illustrates that we are actively working to address the requirements of the Active Travel Act (Wales).

Yours faithfully



**Richard Jones**

**Head of South Wales Trunk Road Agent**

Enc

*Byddwn yn defnyddio'ch data personol yn unol â'r GDPR a'n Hysbysiad Preifatrwydd y gallwch ei ddarllen yma*  
*<http://www.southwales-tra.gov.uk/16338?lang=cy-gb>*

*We will use your personal data in accordance with the GDPR and our Privacy Notice that you can read here*  
*<http://www.southwales-tra.gov.uk/16338>*

*Croesewir gohebiaeth yn y Gymraeg a byddwn yn ymdrin â gohebiaeth Gymraeg a Saesneg i'r un safonau ac amserlenni.*  
*We welcome correspondence in Welsh and will deal with Welsh and English correspondence to the same standards and timescales.*



# National Approach for Road and Street Works in Wales

June 2016

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## 1.0 Introduction

Road works and street works are essential to enable the road network and the services within it to be maintained and improved. However they also have the potential to cause significant traffic disruption and delay. The Welsh Government is committed to improving the situation and has developed the National Approach for Road and Street Works in Wales to drive improvements in the planning, co-ordination and implementation of these works.

Welsh Ministers are directly responsible for the motorway and trunk road network in Wales. There are over 75 miles of motorway and over 1000 miles of trunk road. This Approach for Road and Street Works details actions that the Welsh Government will take to drive improvements across its own network, while encouraging local authorities to adopt similar best practice for the local roads for which they are responsible.

The Welsh Government can also make new Regulations and introduce new Codes of Practice for the street works industry in Wales. This Approach for Road and Street Works therefore also sets out the areas such Regulations and Codes of Practice will be brought forward for consultation.

The Welsh Government recently passed the Well-being of Future Generations (Wales) Act 2015 which makes commitments to improve the economic, social, environmental and cultural well-being of Wales. This demonstrates the Welsh Government's commitment to deliver real and long lasting change for people in Wales. This Approach for Road and Street Works is of particular relevance to achieving the goals of a prosperous and resilient Wales.

The Active Travel (Wales) Act 2013 created new duties for highway authorities to consider the needs of walkers and cyclists, and make better provision for them. Road works and street works should provide suitable provision for pedestrians, including the visually impaired, disabled people, and cyclists.

The effective control and co-ordination of road and street works has a crucial part to play in achieving these commitments. Such work is essential to maintain or improve services to communities or ensure the road network on which we all rely continues to function. However, poorly planned and executed road and street works can cause severe delay to road users and have a detrimental impact on the Welsh economy.

The Approach for Road and Street Works sets out an ambition for significantly improving the way road and street works are managed, ensuring that while work is undertaken and communities have the services and well maintained infrastructure on which they rely, Wales remains open for business.

## 2.0 Background

“Road works” (or “works for road purposes”) are works usually carried out by highway authorities to repair, maintain or replace highways, which under highways law includes the footway or pavement.

“Street works” are carried out by statutory undertakers, or licensees under Section 50 of New Roads and Street Works Act 1991 (NRSWA), or their contractors, to install, inspect, maintain, repair or replace apparatus. Most utility companies (gas, electricity etc.) are statutory undertakers. Statutory undertakers have a statutory right or duty to install, inspect, maintain, repair, or replace apparatus in or under the street in primary legislation.

Road and street works are currently controlled in both England and Wales under the New Roads and Street Works Act (NRSWA) 1991 and the Traffic Management Act 2004.

NRSWA supported by Regulations and Codes of Practice, provides a legislative framework for street works by undertakers (including utilities) and works for road purposes – to the extent that these must be co-ordinated by highway authorities (Section 59).

The Traffic Management Act (TMA) 2004 provides additional powers to reduce congestion: Part 1, makes provision for the designation of Traffic officers, Part 2, places a duty on local traffic authorities to manage their road network to make sure that traffic can move freely on their roads and on the roads of other traffic authorities; Part 3, allows for the introduction of permit schemes for road and street works; Part 4, stronger powers for local highway authorities to direct when works are carried out or where new apparatus is placed and Part 6, allows for the civil enforcement of traffic contraventions.

The Active Travel (Wales) Act 2013 places a new duty on Welsh Ministers and local authorities. Section 9, part 2 (b) explicitly states that they must have regard to the needs of walkers and cyclists in the exercise of their functions under Part 3 of the New Roads and Street Works Act 1991.

Though the legislative framework for the control of road and street works is the same for both England and Wales, the approach differs slightly due to the introduction of Regulations and Codes of Practice at different times.

The Welsh Highway Authorities and Utilities Committee (Welsh HAUC) provides a valuable collaborative forum for highway authorities and undertakers to discuss issues of mutual interest and agree joint approaches and action. The Welsh Government works closely with Welsh HAUC as well as the national HAUC group to progress the road street works agenda in Wales.

### **3.0 What are the Main Issues?**

Since its introduction back in the early 1990s legislation to control road and street works has greatly improved the performance of both undertakers and highway authorities. However, inevitably congestion arises on the network due to these works and over time there have been incidences of traffic disruption being greater than necessary due to over running or conflicting works.

Concerns over the management of road and street works in Wales were raised during the course of two recent investigations.

In its 2011 report on major transport projects, the Wales Audit Office highlighted the adverse impact that delays to the alteration or renewal of statutory undertakers' plant and services can have on disruption to the travelling public and out turn costs.

In addition the National Assembly for Wales Public Accounts Committee (PAC) inquiry into the "Value for Money of Motorway and Trunk Road Investment" which reported in June 2015, having reviewed evidence from across the industry, highlighted the continuing poor management of road and street works and its adverse impact on both project cost and the road user as a key issue that needs to be addressed.

### **4.0 The Approach for Road and Street Works**

The Welsh Government's vision for road and street works in Wales is that they will be, managed in a way that minimises delay to the public and business while facilitating essential maintenance and improvement work to services and infrastructure on which the economy and communities rely.

To achieve this no changes are proposed to primary legislation. By working in partnership with its supply chain and both undertakers and highway authorities through Welsh HAUC significant improvements can be made to the way road and street works are managed for the benefit of Wales within the existing legislative framework. With direct responsibility for the motorway and trunk road network, which carries over a third of all traffic in Wales, the Welsh Government itself has an important role to play in leading by example with the adoption of best practice.

In order to deliver significant improvements both for the people and economy of Wales, actions will be taken forward in five key areas:

- A. Improving the Planning, Co-ordination and Implementation of Road and Street Works;
- B. Improving the Delivery of Major Transport Projects;
- C. Improving Communication with the Public and Business;
- D. Skills and Training; and
- E. Culture



## 5.0 Key Interventions

### A. Improving the Planning, Co-ordination and Implementation of Road and Street Works

Over the last decade the making of Regulations and the publishing and updating of Codes of Practice has proceeded at a quicker pace in England than in Wales. Some of the Regulations and Codes of Practice that have been introduced in England only may potentially have a beneficial effect on the planning, co-ordination and implementation of work in Wales. Therefore:

- *Welsh Government will conduct a review of all the Regulations and Codes of Practice in force in the UK to determine the level of compliance and relevance to Wales. Welsh Government will develop a prioritised programme for the introduction of those that would be beneficial to Wales by October 2016. Welsh Government will work with Welsh HAUC to produce guidance where it is not appropriate to regulate. Welsh Government will ensure that new requirements such as the Active Travel Act are adopted by the street works sector in Wales.*

With so many statutory undertakers and highway authorities competing for road space the efficient and effective planning, co-ordination and implementation of works is fundamental to minimising disruption.

This can only be achieved if timely and accurate information is available on all work that is planned on the road network. The “Noticing” of undertakers’ works is already a requirement of the legislation and some highway authorities also record their own works in order to effectively discharge their traffic management duty. However, practice varies across Wales and information is often incomplete or out of date. In addition designations such as traffic sensitivity, Active Travel Routes, tourist routes may change over time and the Street Gazetteer must be maintained to ensure this information is correct. Therefore:

- *Welsh Government will ensure that all work (including its own and 3rd party works, e.g. Section 38 and Section 278 works) on the trunk road is “Noticed” in accordance with guidance and regulations from October 2016. Welsh Government will look at mechanisms to improve co-ordination at the strategic level to ensure better consultation with stakeholders along the trunk road network. The Welsh Government will encourage other highway authorities in Wales to follow suit and promote the use of the Quarterly Performance Scorecard to monitor performance;*
- *Welsh Government will update the Street Gazetteer for the trunk road network (including Additional Street Data) on a monthly basis from July 2016 and encourage other highway authorities in Wales to do the same; and*

- *Welsh Government will work with the National Street Gazetteer Concessionaire to encourage all undertakers working in Wales and highway authorities in Wales to perform monthly downloads from the national hub from July 2016.*

A number of different approaches have been adopted across the UK for improving the planning, co-ordination and implementation of road and street works. These range from informal codes of practice to formal permit and lane rental schemes under the Traffic Management Act 2004. Permit schemes provide an alternative to the notification system (in accordance with the New Roads and Street Works Act 1991), whereby, rather than informing the highway authority about its intention to carry out works (Noticing), a promoter will have to apply for a permit (permission) to occupy the highway, removing their statutory right. The Permit Scheme applies to all work including the highway authority's own activities.

There are a number of potential advantages to the introduction of a formal permit scheme including: enhanced co-ordination and co-operation; improved partnership working between stakeholders; improved communication; better timing and a reduction in the duration of works and enhanced forward planning. However, there are potential disadvantages including the increased cost to statutory undertakers and potentially their customers. There are fees for the issue of permits to cover increased administrative costs incurred by highway authorities.

The Traffic Management Permit Scheme (England) Regulations 2007 were amended in 2015 meaning that highway authorities in England wishing to introduce a permit scheme no longer need the Secretary of State's approval before a scheme can be operated. The requirement to obtain the approval of Welsh Ministers prior to the operation of such schemes in Wales has been retained. This has been done to ensure firstly that the business case for their introduction is robust and secondly if required a consistent approach is adopted across Wales so business does not have to contend with widely differing administrative processes. Therefore:

- *Welsh Government remains neutral on permit schemes and does not specifically promote them in Wales. The Welsh Government will work with any stakeholder wishing to implement a permit scheme to establish whether there is a robust business case for the introduction of permit schemes in Wales following the Welsh Government Transport Appraisal Guidance; WelTAG; and*
- *If a business case establishes that permit schemes are the best approach for improving the planning, co-ordination and implementation of road and street works in Wales the Welsh Government will develop and publish guidance.*

## **B. Improving the Delivery of Major Transport Projects**

The alteration or renewal of statutory undertakers' plant and services often lies on the critical path in the programming of the delivery of major transport projects. Delay in carrying out this work not only prolongs disruption to the travelling public, but can significantly escalate costs. Important and significant improvements have been made in the reliability of project programming and cost control, but the Welsh Government acknowledges that more can be done: Therefore:

- *Welsh Government will work with Welsh HAUC to develop a voluntary code of practice to improve collaborative working on major projects with the aim of all stakeholders signing up to it by October 2017. Welsh Government will review projects that were not as successful and will look to build upon existing initiatives and case studies promoted by National Joint Utilities Group (NJUG).*

## **C. Improving Communication with the Public and Business**

The publication of accurate and timely information in advance of road and street works is essential for the public and business to make well informed decisions on their travel arrangements and understand the impact of works outside their properties.

The Welsh Government already provides support to local authorities in Wales that allows them to publish summary street works information to a central website. In addition many local authorities themselves publish information on their own websites and the Welsh Government provides information on its own network via the Traffic Wales website [www.trafficwales.com](http://www.trafficwales.com). However more can be done to improve the quality of the information, its coverage and the ease with which it is accessed. Therefore:

- *Welsh Government will work with Welsh HAUC to improve the quality of road and street works information available to the public and business by April 2017. Welsh Government will examine what tools are available to improve its own information systems and will work with NJUG to build upon their Principles of Good Communication document.*

## **D. Skills and Training**

Everyone working on the highway should be appropriately qualified and competent to ensure the safety of both the workforce and the travelling public. Under the New Roads and Street Works Act, the installation, renewal, maintenance and inspection of underground apparatus in any street or road must be undertaken by trained and competent personnel. Within England, there is a requirement for road workers to reapply for their accreditation every 5 years (introduced in 2009), which incurs administration costs. Currently this

requirement does not apply in Wales. In addition the Department for Transport (DfT) has recently introduced changes to the qualification modules and Street Works Card. Therefore:

- *Welsh Government will carry out a consultation exercise during the course of 2016, to establish whether the existing training regime is effective in ensuring standards are maintained, or whether the introduction of a formal re-assessment process will drive up standards of safety and operational works compliance. Welsh Government will consult on the changes introduced by the DfT.*

## **E. Culture**

We want to achieve a “step change” in our performance and a culture of continual change across the industry. To achieve this we need to be able to measure our progress, clearly identify what is working and what is not and the contribution being made by each of the stakeholders. Therefore:

- *Welsh Government will develop a measure of availability for the trunk road network by October 2016 to inform future decision making on management of the network;*
- *Welsh Government will review the performance of the trunk road network and develop a programme of improvements to address “pinch points” and improve network resilience by April 2017; and .*
- *Welsh Government will work with Welsh HAUC to develop a “balanced score card” approach to measuring organisational performance in Wales by promoting the Quarterly Performance Scorecard with the aim of all stakeholders submitting their data to it by April 2017. Welsh Government will ensure Welsh data is effectively extracted and published to drive the right behaviours in meeting the stated objectives.*

## Appendix 1 – Summary of Actions

Action	Date
<b>A. Improving the Planning, Co-ordination &amp; Implementation of Works</b>	
<p>Welsh Government will conduct a review of all the Regulations and Codes of Practice in force in the UK to determine the level of compliance and relevance to Wales. Welsh Government will develop a prioritised programme for the introduction of those that would be beneficial to Wales. Welsh Government will work with Welsh HAUC to produce guidance where it is not appropriate to Regulate. Welsh Government will ensure that new requirements such as the Active Travel Act are adopted by the street works sector in Wales.</p>	By October 2016
<p>Welsh Government will ensure that all work (including its own and 3<sup>rd</sup> party works, e.g. Section 38 and Section 278 works) on the trunk road is “noticed” in accordance with guidance and regulations. Welsh Government will look at mechanisms to improve co-ordination at strategic level to ensure better consultation with stakeholders along the trunk road network. The Welsh Government will encourage other highway authorities in Wales to follow suit and use the Quarterly Performance Scorecard to monitor their performance.</p>	From July 2016
<p>Welsh Government will update the street gazetteer for the trunk road network (including Additional Street Data) on a monthly basis and encourage other highway authorities in Wales to do this as well.</p>	From July 2016
<p>Welsh Government will work with the NSG Concessionaire to encourage all undertakers working in Wales and highway authorities in Wales to perform monthly downloads from the national hub.</p>	From July 2016
<p>Welsh Government remains neutral on permit schemes and does not specifically promote them in Wales. The Welsh Government will work with stakeholders to establish whether there is a robust business case for the introduction of permit schemes in Wales following the Welsh Government Transport Appraisal Guidance (WelTAG).</p>	On going
<p>If a business case establishes that permit schemes are the best approach for improving the planning, co-ordination and implementation of road and street works in Wales the Welsh Government will develop and publish</p>	On going

guidance.	
<b>B. Improving the Delivery of Major Transport Projects</b>	
Welsh Government will work with Welsh HAUC to develop a voluntary code of practice to improve collaborative working on major projects. Welsh Government will review previous work to understand why previous attempts were unsuccessful and will look to build upon existing initiatives and case studies promoted by NJUG.	By October 2017
<b>C. Improving Communication with the Public and Business</b>	
Welsh Government will work with Welsh HAUC to improve the quality of road and street works information available to the public and business. Welsh Government will examine what tools are available to improve its own information systems and will work with NJUG to build upon their Principles of Good Communication document.	By April 2017
<b>D. Improving the Standard of Skills and Training in the Sector</b>	
Welsh Government will carry out a consultation exercise to establish whether the existing training regime is effective in ensuring standards are maintained, or whether the introduction of a formal re-assessment process will drive up standards of safety and operational works compliance.	During the Course of 2016
<b>E. Promoting a Culture of Continual Improvement</b>	
Welsh Government will develop a measure of availability for the trunk road network to inform future decision making on management of the network	By October 2016
Welsh Government will review the performance of the trunk road network and develop a programme of improvements to address “pinch points” and improve network resilience by April 2017	By April 2017
Welsh Government will work with Welsh HAUC to develop a “balanced score card” approach to measuring organisational performance in Wales by promoting the Quarterly Performance Scorecard with the aim of all stakeholders submitting their data. Welsh Government will ensure Welsh data is effectively extracted and published to drive the right behaviours in meeting the stated objectives.	By Aril 2017

## Appendix 2 - Road and Street Works Legislation

### New Roads and Street Works Act 1991

Highway authorities have a duty to maintain their roads under Part IV of the Highways Act 1980 and any road works that they undertake are subject to this legislation. The legislation governing the work of the undertakers is the New Roads and Street Works Act.

Undertakers are permitted to carry out street works by virtue of their statutory right, or a licence granted under the New Roads and Street Works Act and do not necessarily need the prior consent of the highway or street authority.

### Traffic Management Act 2004

The Traffic Management Act was introduced to give greater controls to street authorities in response to the increased numbers of utility companies and associated levels of disruption. The Traffic Management Act in particular addresses the quality and speed of reinstatements, the notice given of forthcoming works and the co-ordination of those works.

Part 4 of the Traffic Management Act amended the legislation to give street authorities much greater powers to minimise unnecessary disruption caused by poorly planned works: street authorities have more control over where and when works can and cannot take place; they can impose longer restrictions to protect streets which are dug up repeatedly; and they have greater enforcement powers.

### Statutory Instruments

The following Statutory Instruments have been implemented in Wales:

<b>Statutory Instruments (Wales)</b>	<b>No.</b>
The Street Works (Charges for Unreasonably Prolonged Occupation of the Highway) (Wales) Regulations 2009	1268 (W.115)
The Traffic Management Permit Scheme (Wales) Regulations 2009	1267 (W.114)
The Street Works (Fixed Penalty) (Wales) Regulations 2008	102 (W.15)
The Street Works (Registers, Notices, Directions and Designations) (Wales) (No 2) Regulations 2008	540 (W.52)
The Street Works (Inspection Fees) (Wales) (Amendment) Regulations 2007	1713 (W.150)
The Traffic Management (Guidance on Intervention Criteria) (Wales) Order 2007	1712 (W.149)
The Traffic Management Act 2004 (Commencement No. 2 and Transitional Provisions (Wales) Order 2007	3174 (W.279) (C.130)

The Welsh HAUC website contains a full listing of current Wales Statutory Instruments and may be accessed via the following link: <http://www.whauc.com>

### **Traffic Manager Role**

Every highway authority in England and Wales must appoint a Traffic Manager and the role of the Traffic Manager is 'to perform such tasks as the authority considers will assist it to perform the network management duty' (Traffic Management Act, SI 17(2)). The post of Traffic Manager is one of several statutory posts a local authority must provide, although the duty is not actually placed on the Traffic Manager. There are three broad areas that the Traffic Manager needs to consider: dealing with congestion; minimising disruption from planned work or events; and planning for the unplanned.

The network management duty on the local authority's network is prioritised according to the sensitivity of that part of the network to traffic disruption. Each local authority should have developed hierarchies of their network to ensure that they focus attention on those parts of the network that are most sensitive to disruption.

If a local authority fails to manage their network effectively a Traffic Director could be appointed by the Welsh Government to run their network management affairs, at their expense.

The primary objective of the network management duty is for every local authority to make the best use of existing roads for the benefit of all road users. The Traffic Management Act allows an authority to take action deemed reasonably practicable to achieve this. The Traffic Manager provides a focal point within the authority for performance of the duty and champions the need for the authority to consider the duty in all areas of work.



Ken Skates AM  
Cabinet Secretary for Economy and Transport

10 December 2018

Dear Cabinet Secretary,

Following the Economy, Infrastructure and Skills Committee's scrutiny session, which you attended on 21 November 2018, the Committee would like to draw the following points to your attention.

### **Brexit preparedness**

The Committee heard that no contingency plans were in place for transition to a post-Brexit environment, and that the Cabinet Secretary is counting on the UK Government to "make funding available to assist in the transition to a post-EU exit environment."<sup>1</sup>

Given the uncertainty surrounding Brexit at time of writing, the Committee can only keep this situation under review in its in-year financial scrutiny.

### **Active Travel**

The Cabinet Secretary agreed to send a note on the guidance and criteria – based on the Integrated Network Maps produced by local authorities – used to allocate funding from the Active Travel Fund. The Committee would welcome further clarification of how this funding links to other active travel funding streams (including those outside the Transport MEG).

The Cabinet Secretary offered to provide a note "on the guidance that informs the actual investment and then how they'll be monitored."<sup>2</sup> This will give the Committee more information to assess whether this approach provides value for money.

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<sup>1</sup> Letter to the EIS Committee

<sup>2</sup> Para 144, EIS Committee, 21 November 2018



## **State of Roads**

The Committee heard that the view set out in its “The State of Roads” report, which said maintenance of the network should be prioritised over new road building, has been considered and rejected by the Cabinet Secretary. There will be further opportunities to discuss this when the Committee’s report is debated on the floor of the Senedd in the new year.

During the session, the Cabinet Secretary said that the £60m allocated to local authorities for highway maintenance was allocated via the local government budget into the Revenue Support Grant (RSG)<sup>3</sup>. The RSG is unhypothecated so local authorities can spend that money on whatever they choose, regardless of the purpose for which it is allocated. Given the scale of the backlog of local highway maintenance the Committee found in its inquiry, and the need for preventative spending to avoid excessive future costs and deterioration in the network. There appears to be no mechanism for the Welsh Government to ensure this money is additional to existing local authority spend. Given the pressure on local authority budgets we consider there is a risk that this funding may displace existing local authority funding commitments for maintenance rather than be used to provide the much needed additional spending required. We ask the Welsh Government to provide clarity on how it intends to ensure this funding is additional.

## **Rail disruption**

TfWRail passengers have experienced significant disruption during the first Autumn of TfW running Wales’ rail franchise. It is not clear how this budget addresses this. The Committee has taken further evidence from TfW and the Cabinet Secretary in recent weeks.

## **The Future of Transport for Wales**

The Committee launched a consultation on 26 November to begin a detailed inquiry looking at the development of, and governance arrangements for, TfW. The Committee expects to report in April 2019.

## **Business support and the Economic Futures Fund**

The Cabinet Secretary has set a clear direction of travel, moving towards consolidating business support in the Economic Future Fund. While the Committee agrees that this will

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<sup>3</sup> Para 160, EIS Committee, 21 November 2018



make seeking support simpler for business, there is a corresponding loss of transparency for those seeking to scrutinise the Welsh Government.

While the consolidation of funding streams is a work in progress, there is no firm date for consolidation to be achieved. The Cabinet Secretary and his officials talked a great deal about the importance of “agility” and “flexibility”. For Members seeking to scrutinise the Government’s activity, these qualities are difficult to scrutinise and run the risk of losing transparency.

The Committee notes that at present just 8% of business support funding is being allocated through the EFF. That means more than 90% is not necessarily applying the “something for something” philosophy that the Cabinet Secretary has, rightly, championed in his economic contract and the EFF. When pressed on timing, the Cabinet Secretary said getting it right was more important than getting it done tomorrow. The Welsh Government has put great store in the “new operating model” where companies have to sign up to the Economic Contract as a condition of receiving Government support. If the overwhelming majority of Welsh Government funding is available outside the EFF, then there will be little incentive for firms to sign up to the Economic Contract.

The Committee would like to see greater urgency in moving towards a greater proportion of funding going through the EFF, and would urge Welsh Government to consider how best to ensure the allocations to, and the outputs achieved by the consolidated fund are open and transparent.

During the discussion the Cabinet Secretary recalled that he had agreed to provide a “briefing note of assessing and then signing up to the contract”<sup>4</sup>. He has also committed to sharing an anonymised example of the Economic Contract. These documents have yet been received by the Committee.

### **Foundational economy**

The Committee was concerned to hear that no progress had been made in spending money committed to support enabling the foundational economy in Wales, and that plans for spending it in the coming year were vague.

The Committee has taken a great interest in this area, and looks forward to hearing what pilot schemes will be taken forward. The Committee has agreed to conduct further scrutiny in the new year once the enabling plan for the Foundational Economy is published. The

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<sup>4</sup> Para 316, EIS Committee, 21 November 2018



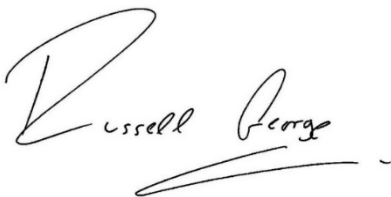
Cabinet Secretary has previously informed the Committee<sup>5</sup> that he expected the draft enabling plan would be published for consultation in December. The Committee would be grateful for confirmation that this is still the Cabinet Secretary's intended timeline.

**Matters not reached**

Due to the shorter than initially agreed session, there were a number of matters not reached during our budget scrutiny session. The Committee has written to the Cabinet Secretary on a number of issues and will publish the responses in due course.

I look forward to hearing from you.

Yours sincerely,

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

Russell George  
Chair, Economy, Infrastructure and Skills Committee

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<sup>5</sup> Paper for EIS on 19 September.





Russell George AM  
Chair Economy, Infrastructure &  
Skills Committee

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

11 January 2019

Dear Russell

Thank you for your letter of 10<sup>th</sup> December regarding the 2019-20 Draft Budget scrutiny session and your comments and further requests for information. I will address each area in turn.

### **Brexit preparedness**

Whatever the form of Brexit, the UK leaving the EU will cause disruption. That is why, as a responsible government, we will continue to plan for all possible outcomes.

It is imperative that all the administrations across the UK work collaboratively to plan how to mitigate the most serious effects of a breakdown in the negotiations between the UK and the EU27 - the Welsh Government is strongly committed in doing this.

We have repeatedly and strenuously raised the need for the UK Government to properly share information on the steps they have taken to prepare. We are glad that this is beginning to happen but there is a need to increase the flow of information further. The reality is our ability to plan is limited by what the UK Government shares with us. The UK crashing out of the EU would be disastrous and that is why we have worked tirelessly against that possibility.

Despite the backdrop of uncertainty, we took action immediately after the referendum to mobilise resources and to build capability across government to respond to Brexit. This has ensured that we have engaged extensively with stakeholders right from the start to understand their concerns and priorities and to be active in setting out coherent policy positions to influence the UK Government's approach to exit negotiations and prepare for the multiple possible outcomes.

We have produced detailed, evidence-based policy proposals on how the right kind of Brexit can protect jobs and put forward proposals on trade, immigration, the future of the UK and a range of other issues once we are out of the EU. We are also providing help to organisations across Wales to get ready for Brexit with a dedicated £50m EU Transition fund. From this fund a £7.5m Business Resilience project has been approved. This funding is actively extending our capacity to help businesses prepare and respond to Brexit

challenges, and includes funding a new Business Resilience grant. We have also provided funding for a Brexit Transition Support Programme for Welsh local authorities.

## **Active Travel**

When applying for Welsh Government funding, local authorities must demonstrate, in accordance with the Application Guidance, that they have followed the Welsh Government Transport Appraisal Guidance (WelTAG) and that they have developed their proposal using the five ways of working under the Well-being of Future Generations (Wales) Act 2015.

The Active Travel Fund frequently complements funding from other sources, such as developer contributions and other capital investments, such as relating to tourism, regeneration and enterprise zones. The grant application process encourages match funding, by applying a progressive score depending on the level of match funding, but it is not a condition of funding. The scoring criteria contain an element for monitoring and evaluation of schemes which receive funding and whether the scheme offers value for money.

The Local Transport Grant application Guidance and scoring criteria for Active Travel Fund can be found at the following links:

<https://beta.gov.wales/transport-grants-guidance-2019-20>

<https://beta.gov.wales/sites/default/files/publications/2018-12/capital-grant-application-assessment-criteria-and-weighting-19-20.pdf>

## **State of Roads**

I think it might be helpful to clarify the £60m funding announcement further. The Welsh Government's draft budget announced on 2nd October provided for £60m capital for local authorities over 3 years (2018-19 to 2020-21) for highway refurbishment. Although the majority of the capital funding provided for local government is unencumbered, this funding is being provided through a specific grant so that it will be used for this particular purpose.

You have asked about additionality. Highways refurbishment is capital spend and differs from revenue funded maintenance as it is for improving the fabric of the local roads infrastructure with the objective of extending the life of the asset. This should reduce the call on local authority revenue maintenance budgets in future but additionality against the revenue budgets may not be straightforwardly demonstrated. However, the normal terms and conditions of such grants would require Authorities to report the use of this funding to Welsh Government and to update their asset management plans as well as to continue to work with us to monitor and evaluate the road condition across Wales.

## **Rail disruption**

I discussed with you the recent disruption to our rail services. Transport for Wales (TfW) experienced a combination of difficulties relating to autumn weather conditions along with damage caused to the rolling stock during Storm Callum. Engineers worked as fast as possible to rectify the issues faced by the rolling stock and normal timetable services resumed on all TfW routes from Monday 17 December.

I will continue to hold TfW to account for these matters and seek regular updates that the rail services are being delivered as we expect. TfW is committed to ensuring that routine issues such as autumn weather have less impact in the future. They have assured me that

customers across the Wales and Borders network will see a step change in availability within the year.

TfW will be replacing the entire fleet in future as part of an £800m investment in rolling stock, and £40 million is being invested in the current fleet. This investment will fund additional services in addition to customer experience and accessibility improvements. The first trains are due to arrive during 2019.

This investment in rolling stock is made possible through the structure of the contract we procured, which is funded through our ODP Agreement Grant.

### **The Future of Transport for Wales**

Thank you for advising me of your inquiry into the development of, and governance arrangements for, TfW. I look forward to receiving your report in due course.

### **Business support and the Economy Futures Fund**

I appreciate the Committee's interest in the Economy Futures Fund and the wider aspects of the new operating model introduced by the Economic Action Plan, including the Calls to Action and Economic Contract. These are important issues and I want to ensure that the Committee has a full understanding of the process and the opportunity to discuss any concerns it has. To this end, I would like to offer the Committee the opportunity of a technical briefing session with my officials, at which they can share with you an anonymised sample of Economic Contracts and talk you through the process.

### **Foundational economy**

The Economic Action Plan identifies four foundation sectors (food; retail; care and tourism) where we recognise the scope to work more effectively across Government and with the sectors to maximise benefits. To guide cross-government activity, and help the sectors adopt common approaches to tackling common issues, we are committed to producing a single and integrated enabling plan. This will identify the strategic challenges and opportunities common to all four sectors and policy responses to these.

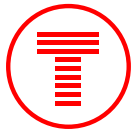
To help inform the development of the enabling plan, we have established a sub-group of the Ministerial Advisory Board on the Foundational Economy, and will be holding a workshop in February 2019 with key stakeholders and leading domestic and international practitioners. I am keen that we allow time for these experts to help shape the enabling plan and so I anticipate the enabling plan will be published in the first quarter of 2019. The £1.5m budget allocation remains available, as part of the 2017 budget agreement with Plaid Cymru, and the work with the Ministerial Advisory Board sub-group and others will help inform how that budget will be deployed to best effect.

Yours sincerely



### **Ken Skates AC/AM**

Gweinidog yr Economi a Thrafnidiaeth  
Minister for Economy and Transport



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

15 January 2019

Dear Mr George,

At the Economy, Infrastructure and Skills Committee on 9<sup>th</sup> January 2019, I promised I would write to you with additional information in response to the following issues raised by the Committee Members, which I will respond to point by point:

- **Question raised by Hefin David AM** - An update on additional rolling stock – James has promised to send to the committee some figures about bringing in an additional 116 carriages to the fleet

We are investing £40 million in our current fleet, including fitting Wheel Slide Protection to make our trains more resilient to extreme weather conditions. We will also be introducing 84 carriages over the coming year, including 5 additional Class 153 units, 5 Class 769 units and 5 Class 230 units, which are all due to enter service in April/May, as well as 12 Class 170 units and 12 Mark IV carriages which will enter service with TfW by the end of the year.

Many operators across the country are currently waiting for newly built trains and are therefore hesitant to release their existing units in case of delays. However, to further bolster availability before our new fleet arrives, we have done all we can in the current environment and we're currently negotiating commercial arrangements for up to 32 additional carriages (on top of the 84) and hope to announce something soon.

- **Question raised by David Rowlands AM** – What structures and shared targets have been established between TfW and Network Rail in the new franchise and how will these benefit passengers?



We are committed to working with our partners at Network Rail to provide the best possible service for passengers and are developing a programme of enhanced joint working initiatives to improve performance, capacity and reliability.

We have established a wide-ranging set of joint tasks as part of the ongoing development of a joint partnership agreement, including access planning, safety, security and new rolling stock. We aim to establish joint boards to bring track and train closer together with a focus on a number of strategies, structures and targets such as seasonal preparedness, improving service recovery from incidents and performance management. We aim to have in place an Executed Alliance Agreement between Network Rail and Transport for Wales Rail Services by this coming spring which will set out the detail behind the partnership, specifically including shared targets.

Network Rail is also working to meet our requirements for information and data about the Core Valley Lines, which are due to transfer to Transport for Wales later this year. There is still a lot of work to be done to agree the terms of the transfer and all interaction has been positive with Network Rail, which is supportive of our plans.

We have created an integrated rolling stock introduction team to help ensure the introduction of rolling stock is as smooth as possible in the context of safety, operations and infrastructure.

- **Question raised by Chair of the Committee, Russell George AM** - Relating to rolling stock with regards Arriva had shared a number of options/ solutions to TfW what was the outcome of this?

As detailed above, we will be introducing 5 Class 769 units and 5 Class 230 units to the network this year. The procurement of the Class 230s was an option presented by Arriva Trains Wales to bring in additional stock early in the new franchise, on top of the 2017 joint investment between the Welsh Government and Arriva Trains Wales for the class 769s (previously known as the 319 flex). The 769s were due to enter service in 2018 but were delayed in manufacturing and are now expected in April/May.

In Spring 2018, Arriva Trains Wales offered to look at alternative rolling stock options for the provision of the Chester-Liverpool services from December 2018. Discounting those that were not suitable for our infrastructure, the remaining options would have likely resulted in reduced capacity on the Valley Lines. After careful consideration and discussion with relevant parties, a decision was taken not to proceed with these options and instead delay introduction of new Chester-Liverpool services.

Peak time Valley Lines services were strengthened by Arriva Trains Wales in a timetable enhancement in May 2017 with all additional stock available to Arriva Trains Wales procured for this. This resulted in an additional 600 seats, which we know is still not meeting the capacity challenge, but was all Arriva Trains Wales was able to source at the time. For Transport for Wales to procure anymore stock before taking up the reigns in October 2018 we would have had to take a decision as to whether we should have had light rail, heavy rail or tram/train on the Valleys lines. The wisdom at that time would have been light rail, which evidence now shows would have been the wrong decision to take because we have now got the benefit of heavy rail and light rail technologies running together.

Yours sincerely,

A handwritten signature in black ink that reads "James Price," with a comma at the end.

James Price  
Prif Weithredwr / Chief Executive

# Agenda Item 3

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## **Evidence submission – City Deals and the Regional Economies of Wales**

### **Current position Cardiff Capital Region City Deal and next steps**

City Deal has a clearly articulated ‘ten point plan’ that sets out a direction of travel for the Cardiff Capital Region. This depicts the inflection point we are at, and some of the key principles emerging that are shaping the course of the Deal, and arguably more significantly, the economic future of the region. The ‘ten point plan’ is aimed at fundamentally evolving the City Deal and has now been converted into City Deal’s new work programme and conveys the success factors critical to the future viability, relevance and legitimacy of City Deal.

In brief, the ‘ten point plan’ outlines contextually issues of under-competitiveness, low productivity and dependency on government and other forms of assistance. The data shows clear trends and patterns – not just around sectoral and industrial issues – but social and place-based ones too. There are some big cultural issues to front up to, especially around the ways in which ‘failure’ and ‘risk’ are perceived and managed. There is also a key differentiation to make in the future around value/ wealth creation and extraction and ensuring we are able to distinguish between the two. In the light of the fact there are unlikely to be future City Deals at UK Government-level, (with all new investment to be channelled through the UK-wide Industrial Strategy and competitive-based funds such as the ISCF, Global Research Fund, Industrial Fellowships and Shared Prosperity), there is a strong need to ensure the Cardiff Capital Region City Deal investment fund remains ‘evergreen’ and is able to live off its interest and not its capital. City Deal is a significant programme – but it is not a panacea. By itself, it is not enough to move the needle in the way needed. However, seen as a first stepping stone on the path to greater economic self-reliance and self-sufficiency, it can indeed be a powerful force for good.

The ten point plan in summary sets out:

- 1. The need to be data-rich and evaluation ready.** Generation, understanding and application of data is a key area of focus. Insight and foresight is critical to answering key questions about what to invest in, where best to invest and are we making a real difference? CCR is a data rich region and data, Artificial Intelligence and ‘Fintech’ have a strong research base and could emerge as a key competitive strength. The use of open data in particular, will be fundamental to new types of problem solving and in unlocking the value of public procurement. Cardiff University has been commissioned by City Deal to work with WG’s Chief Statistician and other partners (ONS, Nesta) to carry out sectoral analysis with a place-based overview. This will be translated into a visual data dashboard, building upon tools such as Arloesiadur. This will be of critical importance in informing our contextual economic baseline and progress for the Gateway Review process in 2021.
- 2. Setting out our stall – a Regional Industrial Plan.** It is imperative that CCR sets out how it will engage with the WG Economic Action Plan and UK-wide Industrial Strategy. This will provide a key context to City Deal’s five year business plan and provide a ‘strategic sell’ that sets out the region’s USPs in terms of investability, liveability and comparative advantage. Our aim is for ‘good growth’ – growth that is genuinely sustainable and inclusive and takes people with it. It will further provide a sense of focus and granularity and present our ‘moonshot’ ideas drawn from insight and foresight. The Regional Economic Growth Partnership has taken an industrial lead on this and a draft version of the Economic and Industrial Plan has been

approved by Regional Cabinet. There is potential to now work with WG and UK Government to convert this into a formal local industrial strategy.

- 3. Delivery pipeline that builds an eco-system.** A series of one-off transactional projects spread across a wide range of themes and issues will not see the region move the dial. Instead our focus is increasingly on the big problem we are seeking to solve. Our emphasis on delivery is one which aims to ‘tell a story’ and connects, aligns and creates key interdependencies. We like the example of California 2045 and the aim for zero carbon and the way in which all sectors, industries and layers of government – although different and distinctive – know the individual contributions they must make to responding to the collective target. ‘Donut Economics’ principles are helping to connect our themes and strands and plans are afoot to position our Wider Investment Fund as three sub-funds – an Innovation Investment Fund, an Infrastructure Fund and a Challenge Fund.
- 4. Good governance.** Achieving a sense of balance across process/ governance and delivery is key. Our ‘Three Fund’ approach described above, starts to build more of a governance network and utilise the key strengths and assets of individuals from across our networks and partnerships, in an optimal way. For example, the proposed creation of an expert Investment Panel. It is important that whilst assurance and risk assessment processes remain robust, we consider wider issues such as opportunity cost and the risks of ‘doing nothing’. We are also updating some of the assurance documentation, with the assistance of business colleagues to ensure it is user friendly and the appropriate mechanisms are in place to show how we plan to go about doing business – but not in a ‘business as usual way’!
- 5. Expert Panel for Influence.** £1.3bn is not a great deal of investment and we need to stop badging our City Deal as just a £1.3bn investment programme. Our leverage target is £4bn and so our City Deal is a £5.3bn investment opportunity. This laser focus and sense of ambition is critical. We have to get better at leverage and ROI and bringing in new and different large sums of investment (i.e. Venture Capital, Innovate UK, sovereign wealth and so on). We have to have a plan for formally engaging with the new non-departmental UKRI with their £6bn annual budget. Currently, we have little if any representation at UKRI Board level and only one representative on the 8 funding councils that sit below it. Wales’ showing was poor on Wave Three ISCF Expressions of Interest and it is on record that c3% of Innovate UK’s historic investment programme has come to Wales. There are 6 expert panels for influencing Research Councils – but none for Innovate UK. Building upon the Reid Review recommendations and the example of Scotland – we are gaining proximity to UKRI through the Chief Scientific Advisory Panel for Wales and mechanisms such as Ser Cymru.
- 6. Create an Office for the City Deal.** We are creating a City Deal Office that changes up our language and naming conventions and speaks more to our ambitions and global positioning. This will include a front of house function, core emphasis on data, contemporary marketing and communications and a focus on investment that is innovation-led, challenge-based and infrastructure-rich. This will be built around brand identity that connects, inter and multi-disciplinary ‘pop-up’ teams supported by a blend of change agents, deal makers, community workers and datavores.
- 7. Strong local and industrial leadership.** City Deal is defined by democratic legitimacy – but must also exhibit strong industrial leadership and delivery. The work of the Regional Economic Growth Partnership is advancing the regional plan, data

knowledge and knowledge transfer and the new Investment and Intervention framework (three fund approach). There is a rapidly increasing awareness that the role of public sector is more than just about convening and enabling – or even de-risking and trouble-shooting. Examples such as the Compound Semiconductor investment demonstrate a real understanding of risk-reward-responsibility and the role of the public sector in making things happen and shaping a new future. The potential to unlock the purchasing power of local government as one example, through a new approach to ‘problem-led procurement’ is something which we are actively exploring through an emergent institutional capacity building proposal.

- 8. Being challenge-focussed and mission-led.** The new way to access investment is through responding to grand challenges and acting on missions. This new competitive environment represents a departure from conventional practice. The focus is not just on economic gain – this is the means – the focus is on social betterment and the realisation of public value – the true end. We have to engage more with the big societal and industrial problems of the day, show that we can frame challenges correctly and mobilise people and resources to respond to them effectively. Our draft Economic and Industrial Plan subscribes to the values and principles of the Economic Action Plan and intersects with the four grand challenges of the Industrial Strategy. The work and business plan of the Regional Business Council is now geared up to supporting the fostering of this competitive approach within the business community. The opportunity is for a co-investment mechanism bringing together investment from City Deal, UK and Wales Governments and industry and HE/FE. This proposition is under active consideration.
- 9. Internationalisation and competitive advantage.** The City Deal has to quickly move beyond a domestic focus and build a function around investor relations and readiness. We are developing our focus around the things we believe matter most to people – interlacing the economic issues with those around social justice and reducing inequality, leveraging our heritage and natural abundant assets. Our view is that ‘good growth’, seen against a backdrop of a liveable, investable region, in which economic advancement is made without compromising the life support systems of the planet, could be a strong USP. Leveraging the value of the Wellbeing of Future Generations and following the example of a number of small countries that have converted economic advancements into improved quality of life, remains a key goal.
- 10. Building a self-reliant Cardiff Capital Region.** Moving beyond just a City Deal focus will open up new opportunities and choices. Tackling dependency and the patterns of low competitiveness in key areas, will be critical to accelerating wellbeing and wellness. The goal is not to move from one programme to the next – the goal is to use City Deal as a platform to build towards greater economic self-sufficiency, demonstrating the ability of City Deal to live off interest and not its capital. There is an opportunity to shape our own destiny and in so doing lend greater support to public-purpose organisations such as B Corps, Mutuals and co-ops and to introduce new fiscal tools, measures and incentives that will set us apart. We need to work hard to make key principles such as the Circular Economy, a hallmark of our work.

## **The degree to which the growth and city deals could solve or exacerbate existing inequalities, both within and between regions.**

As stated above, a key goal of the CCR City Deal is 'good growth' or growth that seeks to do good. This is the kind of economic advancement that is genuinely inclusive, sustainable and regenerative. The City Deal has three major targets – to increase GVA by 5%; to create 25,000 new jobs and leverage an additional £4bn in private sector investment. Whilst these targets are important – we don't want to hit targets that could potentially miss the point –or do the easy things and not the right things. There is always a danger that 'growth strategies' exacerbate inequality and so being clear about the kind of 'growth' we wish to see in the region is important. The tide of change takes people with it, but leaves too many people behind and whilst innovation, knowledge growth and R&D intensity are of real significance to competitiveness and productivity – by themselves they are not enough to spread generalised prosperity. We also need to focus on more foundational economics and the things that we can make, create and do sustainably, at a local level. Prosperity for all has to be the goal and it will be interesting to see how some of the emergent dialogue on the Shared Prosperity Fund will play out and how this can be better focussed to shift from a conversation about inputs ('how much money will we get?') to a focus on outputs and outcomes ('what difference do we need to make and how do we get there?').

This is where the need for a widespread cultural shift is important. Sometimes funding programmes have undermined our ability to fund programmes. The objective of City Deal to make investments that can be recycled, regenerated and redistributed is critical to sponsor and support if we are to move beyond City Deals and single sets of programmes and initiatives. Should other partners agree to the need to break out of this 'funding reliance' then there should be a set of principles and an approach that is shared and widely subscribed to. City Deals or Growth and Devolution Deals are relatively small in the grand scheme of things – it is what they leverage, catalyse and open up that is most significant and therein lies the opportunity to more structurally, systematically and sustainably address inequality.

Trickle down economic and agglomeration theories have their place. However, our region is polycentric and so the focus on place and the unique role, functions and contributions of different spaces and places is key. Recognising that places such as Caerphilly, Blaenau Gwent and Merthyr remain at the very bottom of the UK Competitiveness Index, will be as important as recognising and supporting city based developments. Rural areas also have a distinctive role to play as testbeds for emergent technologies and developments that could alleviate some of the big challenges of isolation, mobility, ageing and data.

In regard to how City Deals might exacerbate inequality within and across areas, presents a key challenge to both Welsh Government and the City Deal Cabinet and 10 LA areas. How do we better connect economic advancement and gain with more progressive social policy? How do we better understand the connection between creating public value and prosperity, with the means and ends of public service provision?

Good practice is a bad traveller as the saying goes. More work could be done to provide a better means for co-operation and collaboration across regions (and beyond regions within Wales). If for example, the principle for 'evergreen' fund development was a good one, how best do we go about creating the structures and processes for adoption, scale and replication?

## **The degree to which the growth and city deals co-ordinate with Welsh Government strategy.**

WG, along with the UK Government is a key partner to City Deal. It is therefore important our strategy, direction and outcomes reflect the challenges and goals set out in the Economic Action Plan and Industrial Strategy. It is good to see the progress being made by the Chief Scientific Adviser for Wales through the Foundation for Science and Technology and supported by the Royal Society, to connect the strategies and develop the synergies around place based industrial strategy. We subscribe fully to principles such as the Economic Contract and sustainable growth, recognising that the first goal must be wealth creation – as the region must first be able to generate the value to support wider impact. We are also seeing connections developing through projects and programmes of activity:

- Work to establish the Compound Semiconductor cluster through the development of the CSC Foundry, Catapult and bid to the Strength in Places Fund
- The development of a co-investment model for the proposed Housing Investment Fund
- The Metro, active travel and Metro Plus

We must take care however, to ensure that as regional teams and structures are out in place at City Deal and WG levels to reflect shared functional economic geography, we join up, align and connect and do not needlessly duplicate and replicate processes, structures and systems.

In order to develop more meaningful connections and alignments, the following reflect some areas for stronger potential collaboration and consideration:

- Co-commissioning of data insight and foresight and the joint development of tools with Nesta and Universities such as Arloesiadur;
- Co-development, across the government triumvirate, of a Regional Industrial Plan;
- Co-investment model to align resources and funds behind solving the common societal and industrial challenges of the day. This could include pooling capital budgets for infrastructure to optimise impact and added value; integrating and connecting ‘challenge funds’ and prizes – such as SBRI, Smart Cymru and Govtech (potentially alongside the Industrial Strategy Challenge Fund);
- Developing our presence and influence within the wider investment and global community – joint attendance and participation at major international events and working to establish joint marketing and strategies for extending reach; and,
- Meaningfully joining-up approaches to investor relations and readiness and in particular activity around promoting and managing investment packages.

Kellie Beirne

Director, CCR City Deal



# Agenda Item 4

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## Swansea Bay City Deal – Update on the current position

### Governance

- In July 2018 the four Authorities covering the Swansea Bay City region unanimously approved the Joint Committee Agreement. This legal agreement establishes the key governance structures for the City Deal including the Joint Committee, the Economic Strategy Board and Joint Scrutiny Committee and commits the four local authorities to work together over the 15 years of the Deal
- The Joint Committee and associated governance structures were formally established on the 31<sup>st</sup> August 2018. Cllr Rob Stewart has been appointed as the Chair of the Joint Committee, with Mark James as the Accountable Officer.
- The Joint Committee meets on a monthly basis to progress matters relating to the City Deal.
- The Economic Strategy Board (ESB) was formally established by the Joint Committee on 31<sup>st</sup> August 2018
- The ESB is chaired by Ed Tomp, Vice President and General Manager of Valero, who is supported by a further 5 private sector members, all of whom were appointed via an open recruitment process.
- The ESB's role is to support the Joint Committee in reviewing projects and monitoring overall delivery, providing specialist knowledge and expertise to ensure maximum impact of the City Deal is realised.
- Since its inception, the ESB has engaged in focused discussions and undertaken site visits with project delivery and authority leads
- To date, the ESB has played a key role in assessing the first tranche of projects before being formally presented to the Joint Committee for decision.

### Joint Government Independent review

- A Joint Government review is being undertaken which is likely to conclude by the end of January. Both UK and Welsh Governments have noted that they are keen that momentum is not lost and as such work on individual projects will continue in parallel with the review
- Joint Committee members have underlined their continued commitment to the City Deal and detailed work on all 11 City Deal projects is continuing
- The Joint Committee has also agreed to carry out its own internal review into the City Deal to provide reassurance that procedures and governance are robust.

### Project developments

- Good progress is being made in relation to the development of business cases for the 11 projects.
- A significant amount of time and resource has already been invested by the region to ensure that robust business cases are developed

- The first tranche of projects have already been considered by the ESB and Joint Committee and are currently being reviewed by both Governments. These include the Swansea Waterfront & Digital District; Life Science & Well-being Village and Yr Egin.
- Other projects are at varying stages of development. Annex 1 provides an update on the individual projects.

## **Other developments**

### *Implementation Plan*

- An Implementation Plan has been developed and agreed by the Joint Committee and submitted to both Governments for approval. The Plan sets out the high level activities that support the delivery of the Swansea Bay City Deal including project details, milestones for the SBCD programme as well as indicative project timelines, risks and interdependencies. Government response to the implementation plan is awaited.

### *Business engagement events*

- The SBCD Regional Office together with the Regional Learning and Skills Partnership have delivered a series of workshops during October aimed at raising awareness of the City Deal among the regional business community. 76 businesses attended the workshops, which were held across the region
- The Region also held a successful event on 6<sup>th</sup> December 2018 to promote and engage on the City Deal projects. More than 230 businesses attended.

### *Monitoring arrangements*

- The SBCD region is currently developing its monitoring and evaluation framework which will set out the proposed approach to evaluating the impact of the City Deal.
- Initial discussions have been held with the Office of the Future Generations Commissioner to ensure that arrangements embed the wellbeing principles
- Project progress is currently reported to the ESB and Joint Committee on a monthly basis.

### *Wider developments*

- In order to promote wider economic development, the region has submitted an application for funding under the UK Government's Local Full Fibre Network's most recent call for proposals. If successful, the LFFN bid will complement the overall digital ambitions of the SB City Deal proposal.
- The region has also submitted an expression of interest under the ESF Institutional Capacity priority as part of its commitment to deliver service reforms that will see a number of strategic functions delivered at a regional level.

## **Annex 1: Project Updates**

### ***Digital Infrastructure***

- Cube and Innovation Point have been appointed to develop the business case.
- Workshops have been held with the other SBCD projects to identify synergies and gather data and analysis to support development of the business plan.
- An initial draft business case will be presented to the Joint Committee early 2019
- Working closely with the UK and Welsh Governments, especially over digital access plans in the region
- In discussions with UK mobile operators - all of whom have discussed early opportunities with the project
- Workshops have been held with industry leaders to examine potential development opportunities, synergies and business models

### ***Skills and Talent***

- Delivery of the Skills & Talent project will align with the eleven SBCD projects
- Regional Learning & Skills Partnership has worked closely with WG's Policy advisors on the content of the business plan
- Work continues with schools across the region and specific schemes have been identified to raise the skills of young people required by the City Deal projects.
- Working with secondary schools (Carmarthenshire as a pilot) on a specific Welsh Baccalaureate for post 16 students with a specific area of work for students to work on around the City Deal projects
- A pre-16 package has also been developed and distributed to schools in Carmarthenshire
- Training Solutions Committee are working on the skills gaps and identifying solutions for the skills gaps within the region
- RSLP have been engaged with industry across the region to highlight the City Deal and ensure that any skills gaps identified meet with the wider needs of businesses across the region

### ***Swansea Waterfront & Digital District project***

Project has been supported by the Economic Strategy Board and Joint Committee and is currently being reviewed by Governments.

### ***Box Village and Innovation Precinct***

- The University has entered into a development agreement with its private sector partner to take forward the delivery of the Box Village
- Advanced funding is in place covering the project design and planning submission for Box Village
- Contractor appointed and now progressing design for planning submission (two stage design and construct)
- Submission of planning application in December 2018
- Commencement of construction programmed for March 2019 with practical completion programmed for September 2019

### *Digital Village*

- The Kingsway - work is continuing on east Orchard Street to commence new landscaped areas
- Detailed design of Digital Village is underway

### *Digital Square & Arena*

- Entering pre-contract services agreement with the primary contractor for Digital Square & Arena
- Advanced construction enabling works are progressing

### *Yr Egin*

- Project has been supported by the Economic Strategy Board and Joint Committee and is currently being reviewed by Governments.
- Phase 1 is complete and formally opened on the 25th October 2018
- 75% has already been let with detailed negotiations underway for remaining business space.
- Commencement of design/ECl tenders for Phase 2 in December 2018.
- Phase 2 commencement of construction planned for December 2019 with completion planned for March 2021

### *Life Science and Well-being Village*

- Outline Planning application will be considered at an Extraordinary Planning Committee in January, 2019
- CCC have engaged a city finance expert to produce a robust commercial business plan
- In light of recent events, Carmarthenshire County Council has also employed external legal consultants to undertake an independent review of the project. The Authority has also engaged the Wales Audit Office to ensure that they have an opportunity to review governance and procurement arrangements.

### **Centre for Next Generation Services (CENGs)**

- Business case is being finalised
- WEFO ERDF match funding secured for the project
- Finalising design and technology specification for the 'building as a power station' to prepare design and build contract
- Planning application/approval – June – September 2019
- Construction period anticipated Autumn 2019 – end 2020
- Building identified as an 'Active Building' in Swansea University's successful Active Building Centre proposal (Challenge Fund)
- Following a soft market testing exercise, project team will carry out a procurement exercise to appoint an organisation to run the CENGs organisation

### ***Life Science and Well-being Campuses***

- Project will focus on the two sites at Murrumbidgee and Singleton to create new Research, Development & Innovation facilities
- Project Lead continuing to develop business case

### ***Pembroke Dock Marine***

- Development of business case on-going
- Marine Energy Testing Areas (META) - Project Design Envelope and site selection has been finalised
- META - Scoping submitted to NRW on November 16<sup>th</sup>, public exhibitions held during December
- Pembroke Dock Improvements (PDI) - Hangar Annex Planning Applications submitted
- PDI - Framework contractors contacted to carry out design feasibility of Slipway build, graving dock infill and access assessment between the two assets, Timber pond infill method, and a swept path analysis for the transport corridor between Gate 1 & Gate 4

### ***Factory of the Future***

- Development of business case on-going
- Building scale and adjacencies agreed with industry partners and end users
- Procurement approach identified
- Pre-Planning surveys completed
- Land – currently being discussed with WG Ministers
- Private Sector investment announcement imminent
- Late stage collaboration agreement discussions with 5G technology provider ongoing

### ***Steel Science***

- Building scale and adjacencies agreed with industry partners and end users
- Procurement approach identified
- Pre-Planning surveys completed
- Land – currently being discussed with WG Ministers
- Development of business case on-going.

# Agenda Item 5

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## **Second Annual Report to the Welsh Government by the Traffic Commissioner (TC) for Wales**

### **Foreword**

I have pleasure in enclosing my second Annual Report to the Welsh Government. My first report was written on the anniversary of my appointment as full-time TC for Wales, however most annual reports refer to financial years. It details both positive and negative features. As I proof-read this report prior to publication, I note that the Welsh Government has issued a consultation document on Improving Public Transport, this is not intended to be any response to that exercise. I have previously set out areas which might potentially be devolved<sup>1</sup>.

As with all other TCs I produced a report to the Secretary of State for the financial year April 2017 to March 2018<sup>2</sup> and I ask that my report to the Welsh Government be read in conjunction with my other report.

I am grateful to the Welsh Government for confirming that it will ensure that this report is translated so that it is available in Welsh. When the new Office of the Traffic Commissioner (OTC) is opened in Wales with bilingual staff, this will hopefully avoid the need for such a request to be made.

### **Issues raised in my first Annual Report**

My first report to the Welsh Government referred to potential use of HGVs in bus lanes. This had been discussed at a forum involving various interested users and I also raised the subject at a meeting of the Wales Road Transport Advisory Group.

The resulting media coverage and commentary on this issue revealed that some people inaccurately thought I had suggested HGVs should share bus lanes with cyclists. For the avoidance of doubt, the outcome of the various discussions confirmed that HGVs might sensibly use bus lanes in strictly limited circumstances, typically on a bypass or link road.

If HGVs seriously impeded the flow of PSVs in bus lanes then this would defeat the whole object of having a bus lane and would be discouraged. Furthermore, any shared use of a bus lane should be considered on its merits. It is difficult to envisage both HGVs and cyclists sharing a bus lane safely.

My first report also referred to prospective office accommodation in Cardiff or North West Wales. I deal with the lack of progress on this later in my report but I was perplexed to see various press reports suggesting that I am still based in Birmingham. This has not been the case since September 2016. The administrative support for my public inquiry and driver conduct hearings comes from Birmingham, with work also undertaken by staff in Bristol and other locations within the OTC including Eastbourne.

As a Traffic Commissioner, I have actually been working from home while the search for office accommodation continues. Although this affords me a view the delightful black

<sup>1</sup> 1st Annual Report to the Welsh Government from Nick Jones as full-time Traffic Commissioner for Wales

<sup>2</sup> Traffic Commissioners' Annual Report to the Secretary of State 2017/18

mountains of Wales, it is no substitute for having a permanent office base and adjacent administrative support. There are practical disadvantages too, especially when this has been ongoing for more than two years. I have been heavily reliant on IT, a feature which was especially problematic when I lost nearly 18 months of work due in part to changes imposed by the Driver and Vehicle Standards Agency (DVSA).

## **Equipping Welsh operators for the future**

### *Seminars held in 2018*

A substantial proportion of bus operators in Wales are SMEs. Following the 2017 Bus Summit there was recognition of the need for potential financial support and guidance for family businesses within the bus industry. Support from Business Wales was an essential feature of the workshops and seminars that followed. Eight separate workshops (or listening exercises) were held. This will have assisted the Welsh Government in its work on evaluating stakeholder views on:

- information including customer relations, marketing, fares integration and technology
- accessibility, safety and infrastructure, delivery reliability and congestion
- environmental, planning regulations and land-use planning
- funding arrangements including better targeting of Bus Service Support Grant (BSSG)

Aside from sessions on compliance led by myself and senior DVSA staff, some excellent presentations were facilitated by Business Wales. I took particular interest in watching the interaction between operators and a professional bid writer whose ordinary day job includes writing bids or training others to do so. On several occasions he commented that the PSV industry appeared to be treated differently to other industries and that this led to some contracting organisations funding solely on the basis of price. Aside from exacerbating what might be viewed as a race to the bottom in terms of quality and of safety, there may also be questions as to the probity of such decision making by some local authorities.

It is clear that an urgent lesson of the seminars and other interaction within the PSV industry and stakeholders is that the existing arrangement, whereby 22 local authorities issue contracts or tenders for services, leads to considerable difficulties. Training has now been provided for PSV operators, but it is clear that whilst some local authority staff have a high degree of expertise, this is not necessarily the case across all authorities. I would suggest that there is a real need for support to assist in both compliance with the law and best practice for those officials who deal with contracts. Existing arrangements may continue to cause substantial difficulties. At the very least, there is a need for local authorities to work on a consortia basis. This would both recognise the fact that much public transport is based on a region rather than on a specific local authority, and additionally, reflect the benefits of sharing and developing expertise.

### *Seminars planned for 2019*

Plans are in hand for further training being offered for PSV operators including specialist safeguarding training, it being apparent that both the knowledge and skills of SMEs operating PSVs can be lacking. The programme for 2019 will also provide opportunities for specialist business development training.



I have previously commented on the need for training for the various sectors of the HGV industry in Wales. This will only be possible with an established and staffed office for the TC in Wales.

## **Challenges facing Welsh operators**

### *Difficulties in recruitment of HGV and PSV drivers*

The Welsh Government has at various times referred to concerns expressed by local authorities and operators about the difficulties recruiting vocational drivers. Various statistics have been quoted as to the ratio of male to female drivers within the HGV industry; only 1% to 2% are female. Figures for the PSV industry are slightly better, but nothing to instil confidence. The figures above are reflected across the whole of GB.

As someone with a long-standing background in challenging inequality and promoting diversity, I am particularly troubled by the lost opportunities to promote professional driving as a career. I am pleased that within Wales some collaborative work is being undertaken with the Department for Work & Pensions (DWP) which will seek to work with key stakeholders in Wales including operators in a pilot scheme in North West Wales. This could involve funded training of potential recruits to the industry. Transport managers from participating operators will be asked to attend a workshop on equality and diversity and to commit to improving access to employment for females and minority groups.

Whilst this is a long-standing problem, I am delighted that those working in Wales are seeking to take initiatives to make a difference. The difficulties in the recruitment and retention of suitable vocational drivers has been a barrier to long term sustainability across Wales (and England).

### *Addressing potentially fraudulent concessionary fare and BSSG claims.*

A high profile fraud case involving concessionary fares has been concluded, enabling me to now comment. Features include both the very high level of fraud that was proved in a court, and additionally, the apparent ease with which it occurred.

My previous reports have referred to the much higher ratio of state funding in Wales when compared to England & Scotland, as a proportion of PSV operator income. A consistent and clear comment from listening to industry is that there is a need for vastly improved controls. The monies defrauded in two separate cases involving North Wales operators is exponentially higher than the likely costs of implementing reasonable controls to prevent such fraud taking place.

As someone who is not involved in the concessionary fares process, I comment that it is for others to reflect on use of improved technology together with effective systems for monitoring claims for reimbursement. It is clear to me that, at the very least, local authorities should work on a consortia basis when dealing with matters such as concessionary fares and BSSG. There is also a need for greater clarity and training in the control/audit process.

Notwithstanding the urgent need to address frauds involving public monies, I recognise that there is some good expertise within the 22 local authorities. Problems sometimes arise as a result of expertise becoming diluted or lost.

## **The role of the regulator in Wales**

### *Environmental issues with HGV operating centres.*

One of the functions of a TC is in relation to jurisdiction on safety and environmental issues for HGV operating centres; there is no TC jurisdiction over environmental issues for PSV operating centres.

There is a list of statutory bodies who are able to object to the planned use of sites for the parking of HGVs, including local authorities. Additionally, people within the immediate vicinity also have a right to make representations within prescribed time limits.

It is one of our functions which is ripe for reform and indeed TCs on a GB wide basis have suggested that in the next general review of our work this be considered by the UK Government (it is not devolved).

I note that on at least one occasion a question has been posed by an AM on an environmental issue, which received a standard response from the centralised licensing team which deals with all such applications within GB.

### *Meetings and communication with AMs and MPs*

Throughout my career as a TC I have welcomed AMs and MPs contacting me with individual queries. Most stakeholders appreciate that I may not always be able to respond personally, if it could prevent me from sitting on an individual case. I will always try to meet with the AM/MP if I can address the issue. This enables me to more fully explain my role, including any limitations of the jurisdiction.

### *Accommodation for the TC and staff in Wales*

Other TC offices in England and Scotland have dedicated public inquiry facilities and office accommodation, however that is not the case in Wales. As a result, the TC and Deputy TCs in Wales use court and tribunal accommodation provided by the Ministry of Justice (MoJ). Historically this has not been a problem as there were many potential sites available. An unfortunate consequence of understandable efficiency initiatives by the MoJ is that finding suitable court or tribunal accommodation is now far more difficult, with many courts and tribunal buildings having closed. Within Cardiff, it is increasingly difficult to find suitable and convenient sitting days.

The Welsh Government is looking to address the lack of tribunal facilities in the medium term through its new purpose-built accommodation in Pontypridd for Transport for Wales (TfW). This accommodation will also have dedicated facilities which will be suitable for traffic commissioner hearings. I remain grateful to the MoJ for allowing the use of its Justice Centre in Welshpool for my hearings in North Wales.

At the time of finalising this report, I was very pleased to have been told that the provision of accommodation for the Office of the Traffic Commissioner in Wales in Caernarfon is progressing well. This office will take over the work currently undertaken in Birmingham and elsewhere to support my public inquiry and driver conduct work. As with all TCs across GB, licensing matters remain centralised in an office in England (Leeds)..

The building in Caernarfon will also have the facility to hold some public inquiries. This will allow for hearing centres in both Welshpool and Caernarfon for north-east and north-west Wales.

In addition, the Welsh Government is providing an office for the TC for Wales to use in Cardiff so that he/she can be accessible both to the Welsh Government and to the Assembly and its members; this will be very helpful.

### *Staffing of the Welsh Office*

On my giving evidence earlier this year to the Assembly's Economy, Infrastructure and Skills Committee<sup>3</sup>, it was suggested to me that perhaps a contributory factor in the difficulties in recruiting suitable Welsh speaking staff in Cardiff could relate to pay scales.

The three administrative support staff to be based in Caernarfon will be paid on the civil service Executive Officer grade, equivalent staff in England are paid on the lower Administrative Officer grade. It has been suggested to me that the rationale for the slightly higher grade in Wales was the fact that the three posts would not have a resident line manager, it being envisaged at that time that if the office was in Cardiff then line management might be based elsewhere.

This contrasts with my view, which has always been that the posts should be the slightly higher Executive Officer grade to reflect the person specification requirement that the post holders be fluent in both English and Welsh.

It was not envisaged that the OTC in Wales would be self-sufficient, with shared line management support being provided from another OTC. As the office for the TC for Wales is to be based so far from other TC offices, my advice to the Welsh Government is that the grade for any line management post be postponed until consideration is given as to what other posts might also be based in the office. This in turn will depend upon future decisions on potentially devolved matters. It will be for whichever Agency has responsibility for supporting TCs to justify the grade and location of the manager for the Caernarfon office.

### *Bus registration for Wales*

A function which has received long-standing approval in principle for devolution is the registration of bus services. I have consistently described our role in this activity as being little more than a post box exercise, under existing arrangements. It was enlightening to accompany a Welsh Government official on a visit to the centralised bus registration team in Leeds, where 3.4 full time equivalent (FTE) posts undertake bus registration work for the whole of England and Wales outside of London. There are about 11,000 transactions a year, with circa 1000 transactions for Wales.

During the peak summer holiday period and prior to school start times being finalised, there are often over 300 applications a day, most with several tens of pages of paperwork. Although there is an IT system for bus operators to use, it is not compulsory and in any event is one whereby only part of the information is capable of being extracted for use by OTC staff. All members of the small administrative team are on Administration Officer grade and are line managed by an Executive Officer who is also responsible for processing all the section 19 and section 22 community transport permits across the country.

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<sup>3</sup> Economy, Infrastructure and Skills Committee Transcript 29/11/2017

It is evident that the team must be heavily reliant on local authority officers contacting them to point out concerns or problems with registrations. As a result, the opportunities for genuine scrutiny are very small. Many of the changes to registrations by operators refer to an “amendment to timetable”, with the team being responsible for checking and verifying the details, if there is time to do so.

I must emphasise that whilst the above paragraph might appear critical, it is of the structure and system that has been put in place by DVSA, not the staff. The centralised licensing office in Leeds has been subjected to sustained “efficiency” cuts over the years, the outcome is a very significant reduction in staff numbers since centralisation in 2006. The individual members of staff are dedicated and endeavour to be as professional as resources allow; I hold them in high regard.

If the Welsh Government seeks to assume responsibility for bus registrations in Wales then it should consider what it wants to achieve. Previously I have commented that there are various alternatives to bus registrations being with a traffic commissioner, indeed the Buses Act 2017 provides for registrations to be undertaken by local English authorities in certain circumstances. Currently the work undertaken on bus registrations for Wales is only half of one FTE member of staff. If this work is devolved, then consideration should be given as to staff numbers, if it is to be performed at a standard that will be acceptable to the Welsh Government.

## **Looking forward**

### *Appointment of my successor*

The reasons why I face compulsory retirement in 2019 by reason of age, together with concerns as to recruitment of a suitable successor, are set out in a submission that I made to the Commission on Justice in Wales<sup>4</sup>.

The Memorandum of Understanding (MoU) signed on behalf of both Welsh and Westminster ministers sets out that Welsh Ministers will be consulted on the process of appointing the TC for Wales, including the composition of any appointment/interview panel. The stated justification is the funding support provided by the Welsh Government to enable a full-time post holder.

My submission to the Commission on Justice in Wales suggested that consideration be given to the future TC for Wales being part of the Welsh Tribunal Service. It would inevitably require a review of the MoU. I am content to elaborate on why that would be in the interests of both Welsh operators and the general public in Wales, not least among them is the inability of DVSA management to understand the legal limits of its support role to commissioners. Any move to the judiciary would also assist in genuine promotion of equality of opportunity.

Early decisions on the above points are recommended.

### *Accountability for the cost of support*

Under the current support arrangements for traffic commissioners, it is difficult to provide an entirely accurate assessment of the true costs of the work currently undertaken by TC

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<sup>4</sup> Submission to the Justice Commission from the Traffic Commissioner for Wales

support staff who are employed by DVSA. First, many of the transactions undertaken by operators (eg. vehicle changes) are not chargeable. Second, but perhaps more importantly, there is a lack of transparency over fees and charges generally.

Aside from general concerns<sup>5</sup> around governance arrangements with the existing DVSA support for TC functions, there is a real question as to whether the current fee structure for operator licensing is capable of supporting the regime that is required to deliver it. As referred to above, a large number of transactions are not charged and the one size fits all fees hits small and medium-size enterprises more disproportionately. For the last eight years or so I have been candid at both PSV and HGV industry events, describing how the HGV industry has been subsidising PSV fees. As the actual fees charged are very modest as a proportion of running costs, this has contributed to the lack of concern from industry, however it is legally questionable.

In line with my concerns about financial support, I would recommend that the Welsh Government give consideration to what functions it envisages the OTC in Wales performing. Currently it is for the DVSA to determine both grades and volume of staff, hopefully this will change, at least for Wales if not for GB as a whole.

As someone with professional qualifications both as a lawyer and in HR, I recommend that grades for staff within Wales be subject to an independent objective review. A number of potential devolved functions for the medium and long term have been identified. Two separate considerations arise: first, it would be for the Welsh Government to decide whether any new delegated function is carried out in the OTC in Caernarfon or by another public funded body such as the Welsh Government itself, TfW or another body. Secondly, the level of supervision will also depend on the seniority sought for the office manager. Prior to the centralisation of the TC licensing functions each TC had a member of staff who had a level of seniority which afforded that individual to undertake higher level policy and administrative support, freeing up the TC to work more efficiently and effectively.

The number of chargeable transactions involving bus registrations considerably exceeds the cost of staff currently employed to undertake this task for Wales. If bus registrations were addressed in a way that met the level of scrutiny and service standard that I anticipate the Welsh Government would expect, this might not still be the case. Whilst the fees recovered for this task are circa £60k a year and pending legislation setting out chargeable fees in Wales, a more flexible option might be to not charge a fee for a registration and instead ensure that BSSG is configured so that those operators who do not meet the Welsh Government's service standard receive a lower level of BSSG.

I have previous experience as a public-sector chief officer involved in both capital procurement and PFI schemes. I am grateful to both the Welsh Government and Gwynedd Council for the work undertaken in what is likely to be my office accommodation for staff in Caernarfon. That accommodation appears to offer very good value for money.

This contrasts with costs associated with what was to have been an office provided elsewhere in Bangor; the sum quoted by the DVSA for what amounted to little more than putting up a dry wall was what I would describe as surprising.

This illustrates an area where there is significant room for improvement. For a number of years TCs have been calling for greater transparency and accountability from DVSA for the manner in which it expends the fees collected on behalf of TCs. The fees charged are

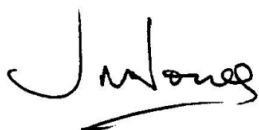
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<sup>5</sup> Select Committee on the Constitution – Judicial Appointments Process: oral and written evidence (pp. 321-323)

for the statutory purposes set out in the legislation and should not be used to subsidise other schemes of DVSA.

*Future reporting*

In view of my pending compulsory retirement on 30 September 2019, I recommend that the Welsh Government ask for my third and final report to be produced by 01 September 2019.

A handwritten signature in black ink, appearing to read 'Nick Jones', with a horizontal line underneath.

**Nick Jones**  
**Traffic Commissioner**  
**Comisiynydd Traffig dros Ardal Drafnidiaeth Cymru**

**December 2018**

# Agenda Item 7

By virtue of paragraph(s) ix of Standing Order 17.42

Document is Restricted