

Cynulliad Cenedlaethol Cymru  
Y Pwyllgor Newid Hinsawdd,  
Amgylchedd a Materion Gwledig  
Ansawdd Aer  
NHAMC (5) AA03  
Ymateb gan Ffederasiwn Busnesau  
Bach

National Assembly for Wales  
Climate Change, Environment and  
Rural Affairs Committee  
Air Quality  
CCERA(5) AQ03  
Evidence from Federation of Small  
Businesses

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## About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales, with around 10,000 members. It campaigns for a better social, political and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

## Introduction

FSB Wales welcomes the opportunity to respond to the National Assembly for Wales' Environment Committee's inquiry into clean air which coincides with Welsh Government's consultation *Healthy Air, Healthy Wales*.

The Welsh Government's Clean Air plan is wide-ranging, therefore our response relates only to those areas in which we have relevant experience and expertise. This information below forms the basis of our response to the Welsh Government consultation, however should the Committee require any further information on specific aspects then we would be pleased to provide it.

In developing our response, FSB Wales has drawn on two of our most recent reports that Welsh Government may consider in its consultation process. These are *The New Normal: An Environment Approach for SMEs* which summarises key environmental issue facing SMEs and sets out suggestions for both businesses and government on how to address them and *Are We There Yet? A Roadmap for Infrastructure in Wales* which sets out priorities for infrastructure development for the National Infrastructure for Wales among other things.

## General Principles

Air quality is a serious issue that requires a response from policy makers. Inevitably, this response has the potential to impact on the business environment for SMEs. As an organisation, FSB Wales has been clear in its support for the transition towards a low carbon, and environmentally sustainable economy. In general, our approach to environment policy starts from the following principles:

1. Small businesses recognise and support the broad, long-term objectives of climate change and environmental sustainability policies.
2. Small businesses want to do the right thing and play their part.
3. A long-term, strategic approach to environmental policy making is far better than a short-term, reactive approach.
4. Policy solutions must be evidence led.
5. The impact of policies on small businesses must be understood in granular detail.
6. Small businesses should be given adequate time to adapt to new requirements.
7. Those small businesses that are particularly impacted, or least able to adapt, should be identified and provided with additional support/time to adapt.

We believe that approaches to environmental policy should follow the above principles. By doing so, we can ensure SMEs are properly bought in to the transition towards a low carbon and sustainable economy, and help to translate our ambitions into practice.

Crucially, an approach rooted in these principles can help overcome key challenges businesses face in this area such as how to identify how best to reduce their impacts, how to demonstrate their commitment to the environment and how to realise the opportunity of environmental and sustainability policies.

## Clean Air Zones

FSB Wales has provided responses to previous inquiries and consultations undertaken by Welsh Government in respect of the Clean Air Zone Framework. We are pleased to see an overarching approach and guidance for local authorities that includes measures that are consistent across local authority areas. We hope the final iteration of the framework addresses the principles outlined above, especially in respect of charging zones. FSB Wales feels that any such zones must have a suitable lead in period and support for firms in order to assist in the transition towards low emission vehicles.

What kind of impact do you think the following measures would have on your business?	
Answer Choice	% Net Positivity
1 Pedestrianisation of high streets	10.9
2 Requirement for older more polluting vehicles to pay a charge to enter some areas;	-7.0
3 Scrappage scheme to incentivize replacing of older, more polluting vehicles	37.7
4 Improving infrastructure to incentivise cleaner vehicles (such as electric charging points)	51.5
5 Improved public transport	56.6
6 Measures to reduce traffic congestion in general (such as park and rides; general measures to move to public transport)	38.0
7 Measures for provision of urban green space	33.3
8 Offsetting your carbon footprint (e.g. tree planting schemes)	54.6

In our report *The New Normal* we tested the suitability of potential policies to solve issues such as air pollution with those businesses involved in our survey. The following results were found:

Overall, the businesses we engaged with found improvements to public transport, incentives towards cleaner vehicles and scrappage schemes as the most positive interventions that could be undertaken to tackle issues such as air pollution. Furthermore, there was significant positivity towards measures to reduce traffic congestion in general (such as park and ride schemes) and as well as the provision of more urban green space.

This evidence reflects other work undertaken by FSB Wales in our research on infrastructure priorities for our report *Are We There Yet?*. It also shows a reluctance to begin clean air zones that rely on charging older vehicles to enter city and town centres, without first considering other measures.

### **A Clean Air Act for Wales**

FSB Wales has no firm view on whether the Welsh Government should pursue a clean air act for Wales as the vehicle to address air quality challenges. That said, the measures identified within the proposal seem reasonable on the whole. Should an act be brought forward, our preference would be to develop legislation that can enable a long-term perspective on the challenge of air quality with clear markers and timeframes for SMEs against which to plan their business activities.

Furthermore, we would expect any provision within the legislation to be evidenced and to take account of the impact on SMEs of any potential measure, in order to help provide a view on how best to mitigate any challenges arising.

### **The National Infrastructure Commission for Wales**

In our report *Are We There Yet?* we examined the governance of infrastructure and transport issues, with a particular focus on the National Infrastructure Commission for Wales (NICW). Our ambition was to help provide context for a 30 year vision for infrastructure from an SMEs perspective and we emphasised issues such as decarbonisation and demographic change as key factors needing to be addressed in such a plan.

NICW was established in 2018, with a remit to inform the approach of Welsh Government, working ‘across the regions to identify Wales’ future infrastructure needs for the next 5-30 years.’<sup>1</sup>

Beyond being based on the Welsh Government’s obligations under the Well-being of Future Generations Act, it is unclear how NICW will work at present with ‘detailed working arrangements of the NICW will be agreed between the Welsh

Government and the appointed commissioners by establishing ways of working and assessment criteria which align to the requirements of this remit letter'. NICW produced its first annual report in November 2019 with a call for evidence and will produce a 'State of the Nation' report in 2022, suggesting progress is slow thus far.<sup>2</sup>

NICW's remit is ambiguous, and the remit focuses on what it cannot do, rather than what it can do.

Following the decision not to proceed with the M4 'Black route' relief road, it is incongruous that Welsh Government chose not to task NCIW with investigating solutions to the problem of congestion around Newport but rather tasked an entirely new expert commission to investigate this. We see this as a missed opportunity as it would have been good proving ground for NCIW and cemented it as an authoritative vehicle in informing long-term priorities and solutions for infrastructure.

This raises doubts as to whether Welsh Government itself sees NICW as such an authoritative mechanism for informing infrastructure priorities and does little to reinforce confidence in it among external stakeholders.

While obliged to work in a transparent and engaged way, NICW currently has no website and the information available is on a Welsh Government page only. This contrasts with Scotland where, Infrastructure Commission Scotland has a website outlining clearly its functions, remit and approach.<sup>3</sup> Therefore, while the NICW ostensibly has a similar remit to the Australian State of Victoria's Infrastructure Commission<sup>4</sup>, its functions are unclear. How it relates to other organisations is similarly unclear.

An unclear remit and a lack of progress in its work to-date creates other concerns. While the idea of a strategic vision over 5-30 years are laudable, if in practice its authority is uncertain, and so its recommendations are in danger of falling into a trap in terms of sequencing – of being reactive to where progress has been made rather than proactive in understanding where progress should be made. For example, with Transport for Wales already taking a lead on rail and bus strategy, if its remit and authority are unclear we could have a situation where the strategy follows shorter- term imperatives and put the cart before the horse, rather than fulfilling its aims of providing a rationalised overarching strategy for other bodies to follow.

<sup>1</sup> Ken Skates, Remit Letter for National Infrastructure for Wales.

<https://gov.wales/sites/default/files/publications/2018-12/national-infrastructure-commission-for-wales-remit-letter.pdf>

<sup>2</sup> <http://record.assembly.wales/Committee/5548>

<sup>3</sup> See, <https://infrastructurecommission.scot/>

We would recommend that NICW should have the following elements to be successful:

- A clearer public facing remit for NICW should be produced.
- NICW should be placed on a statutory footing.
- The development of a 30 year vision should be NICW's key responsibility with Welsh Government responsible for funding it.
- NICW's relationship to other infrastructure bodies across sectors needs to be clarified. There should be a protocol about how it relates to (for example) TfW, Natural Resources Wales, UK Government, Welsh Government, the National Assembly for Wales.
- With the above clarified, NICW's role should be that of a central point of contact and an organisational fulcrum.
- This role of central point of contact should take account of any changes in the intergovernmental relationship between Westminster and the devolved administrations, including linking with the Wales Office.
- The Welsh Government should produce a clear and publicly accessible mapping of how the different organisations relate.
- Consideration should be given of how to increase the public visibility and understanding of NICW.

Within this context, we see no reason why air quality as an issue would not be referenced in the remit of the National Infrastructure Commission for Wales. The primary aim of such a body should be to depoliticise infrastructure projects and build a broad consensus on which areas of investment are a priority. This clearly involves taking into account issues such as air quality at an early stage.

### **Transport and modal shift**

A key theme from our infrastructure report was decarbonisation and we asked questions on issues around public transport and use of electric vehicles. In summary that report found:

- Overwhelmingly, respondents viewed a car or van as 'quite important', or 'very important' for their business. This was the case across all regions of Wales, across urban and rural areas.
- Other policies with the majority of respondents viewing as 'quite important' or 'very important' were lower fares for Public Transport (60%), expanding the bus network to a wider area (54%), and the ability to use one ticket for all forms of public transport (51%)
- Similarly, when asked what would be the most important initiatives that would encourage the respondent and their employees to use the public transport network more the main responses were the same as in our 2014 survey – Lower fares (60%), more frequent services (50%) and increased routes offered (47%).
- While there are practical reasons that cycling may not be as important to SMEs' business activity as other modes, on the whole our members were positive towards cycling, with better cycle paths (and infrastructure

generally) being a priority and safety on roads being cited as the main barrier to bicycle use.

- There was a positive balance from SMEs towards seeing the low carbon economy as an opportunity for businesses.
- Respondents feeling they were likely to purchase an electric vehicle for their business in the next 5 years were at 28%, in 10 years at 40%, and in 15 years at 41%. This suggests a medium-term timeframe for the adoption of electric vehicles.

In order to inform this further, for our environment report we examined the transition towards electric vehicles in greater detail. We found that around 30 per cent of businesses we spoke to used personal cars for business use, with 25 per cent purchasing cars in a 3-5 year cycle and 21 per cent on a 5-10 year cycle.

Taking the above into account it's clear that if Welsh Government wants to begin to have an immediate impact on decarbonising personal transport it will need to incentivise the shift towards EVs at these key, medium term decision points.

Our research suggested use of electric vehicles or hybrid vehicles is currently very low with only 4 per cent saying they are used in their business.

The question then follows – what would incentivise firms to take up electric vehicles at their next decision point? To answer this, we must first understand the barriers to take up of EVs. Our research suggested that cost (over half of respondents), a lack of charging infrastructure (47 per cent) and concern over potential distances EVs can travel – range anxiety – (34 per cent) are the biggest concerns. These concerns are not unique to business owners or to Wales. As other research has shown, across the globe these are challenges holding back take up of EVs.<sup>5</sup>

Welsh Government should draw up an approach to the transition to EVs that takes into account these three issues. Such an approach could for example include interest free loans to help with upfront costs and an EV charging rollout plan that would put Wales ahead of the broader trend for UK-wide infrastructure.

## **Conclusion**

FSB Wales welcomes the opportunity to respond to the Committee's inquiry into clean air policy. We hope that a constructive approach, working with businesses will help to deliver better air quality for everyone in Wales. We look forward to continuing this conversation with Committee and helping to inform its recommendations to Welsh Government.

4 From the Ground Up: Developing a 30-year Infrastructure Strategy for Victoria (Infrastructure Victoria: 2016) 5Deloitte. 2019. New Markets. New Entrants. New Challenges: Battery Electric Vehicles [online]. Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/manufacturing/deloitte-uk-battery-electric-vehicles.pdf> (accessed 30th October 2019). P.6