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Deputy Minister for Economy and Transport

KS/293/20

Russell George MS  
Chair  
Economy, Infrastructure and Skills Committee

3 September 2020

Dear Russell

Thank you for your letter of 29 July regarding providing further information following our appearance before the Committee on 16 July.

We attach responses to the questions you have raised.

Yours sincerely,

**Ken Skates AS/MS**  
Gweinidog yr Economi, Trafnidiaeth  
a Gogledd Cymru  
Minister for Economy, Transport and North Wales

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

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

## **Economy, Infrastructure & Skills Committee – 16 July**

### **Follow-up actions**

#### **Economic Resilience Fund**

**Thank you for offering to provide a comprehensive briefing note on the data relating to ERF phase 1, Members are looking forward to receiving it.**

In total, Business Wales handled around 250,000 unique visitors to the ERF Eligibility Checker, managing over 4,000 concurrent users on systems at peak periods. Business Wales processed over 15,000 applications and awarded almost 12,000 grants totalling over £180m.

We attach a link to a page on the Business Wales website that provides comprehensive detail on awarded organisations, alongside regional and sectoral breakdown – for ERF phase 1.

<https://businesswales.gov.wales/welsh-government-economic-resilience-fund-phase-1-awarded-organisations>

A total of 6,946 micro businesses and SMEs accepted ERF phase 1 funding – totalling £124.4m

We continue to finalise the larger business detail.

77,000 jobs have potentially been given a lifeline by ERF phase 1.

#### **We would also like to request a similar note on phase 2.**

We will inform the Committee as soon as we publish comprehensive detail relating to ERF phase 2.

At present, we can confirm, that a total of 4,724 micro businesses and SMEs accepted ERF phase 2 funding – totalling £57.4m

The Committee may also wish to note that:

- As at 18 August, 1,437 Start-up grants have been approved.
- A total of 1,331 business accessed the Development Bank of Wales' Covid-19 Wales Business Loan Scheme (CWBLs) – providing just over £92m helping to safeguard over 16,000 jobs.

**Looking towards the phase 3 of the fund, I welcome your openness to ideas of content from the Committee. I note the Minister stated the Welsh Government would be looking for this phase to help grow businesses, job opportunities and to enable the economy. In relation to the potential for further support to fill sector-specific or other gaps in support, the Minister also said that he awaited the UK Government's response to the Treasury Select Committee's report 'Economic Impact of Coronavirus: Gaps in Support'. Now that UK Government has responded, can the Minister set out for the Committee the types of support that will be available in phase 3, and whether or not Welsh Government is still pursuing a potential hardship fund with the Welsh Local Government Association?**

Since attending the Committee meeting on 16 July, we announced on 28 July that nearly £40 million of the Economic Resilience Fund (ERF) is to be invested to support delivery of our "Covid Commitment" in respect of Employability and Skills. This funding will ensure anyone over 16 in Wales can access advice and support to find work, pursue self-employment or find a place in education or training and will be targeted at individuals in the Welsh Labour Market most likely to be negatively impacted. This will benefit those most adversely affected in the most direct way possible.

We are currently finalising the details of an impact assessment of the Economic Resilience Fund (ERF) which will help explore how we support businesses in the future. We are giving careful consideration to how we can utilise the remaining ERF money to most effectively support businesses and livelihoods over the coming months.

As we said at the meeting on 16 July, we want this funding to make a positive contribution towards growth and opportunities, but I also recognise that we need to do all we can to support businesses in the unfortunate scenario of it being necessary to implement any further lockdown measures. We have identified a range of options for how we might use the remaining ERF funding and, following further consideration of these options, we will announce arrangements for utilising the funding in a way which will ensure that the wide range of needs are met in the best way possible.

The funding we have available is far from sufficient to replace the support being provided by the UK Government through its Coronavirus Job Retention Scheme and Self-Employed Income Support Scheme and we continue to call for these schemes to not be ended abruptly on 31 October.

**The Deputy Minister also mentioned that officials had undertaken an analysis of gaps in support and that "as to those gaps they did identify, the risk of fraud and the administration cost of tailoring a scheme to a very small number would be disproportionate to the benefit". Is the Minister able to share this analysis with the Committee?**

We are continuing to refine the analysis as part of the aforementioned impact assessment of the Economic Resilience Fund (ERF) and will be able to share analysis with the Committee once this and supporting work has been completed.

### **Private hire and taxi screens**

**During the session, Members raised the issue of fitting safety screens into taxi and private hire vehicles. Whilst the Deputy Minister highlighted that vehicle safety is a reserved matter, Members are interested to know whether the Welsh Government would consider making temporary amendments to licensing regulations, which are a devolved matter.**

**The Committee has previously heard evidence from the unions that fitting a screen between drivers and passengers would require the operator/driver to apply to the local authority for a change to their licence. The unions have called for this requirement to be relaxed.**

The installation of a safety screen in a taxi or PHV does not necessarily require a change to the vehicle licence. This will be dependent on the policy and conditions in place by each local authority. The existing legislation therefore already gives local authorities a degree of flexibility with regards to the policy requirements and licence conditions that they implement.

Local authorities do however need to be satisfied that vehicles are safe to be licensed. They will need to be satisfied that the construction and installation of any safety screen does not pose a risk to the driver or any passenger, especially in the event of an accident. There are concerns that unsuitable screens or those installed incorrectly may interfere with vehicle's integral safety features such as curtain air bags or could affect access/egress from the vehicle following a collision.

Welsh Government officials have been in dialogue with the Department for Transport (DfT) and the Driver and Vehicle Standard Agency (DVSA) to understand the relevant safety requirements of temporary screens and have liaised with the Welsh Local Government Association (WLGA) and local authority representatives to work towards a more consistent approach to this matter. The situation remains complex as there is no 'one size fits all' when it comes to screens and local authorities will need to consider each application on its merits in order to ensure driver and passenger safety.

There continues to be very limited evidence to demonstrate the effectiveness of safety screens or barriers in reducing the transmission of Covid-19 as most do not create a sealed compartment.

Advice to taxi and PHV drivers around Covid-19 issues, including measures to reduce the risk of transmission, are on the website <https://gov.wales/taxi-and-private-hire-vehicle-guidance>

## **Bus Services (Wales) Bill**

**As we discussed, the bus industry is in a perilous position. The explanatory memorandum for the Bill states that it is “essential that local authorities have the right tools available to them to ensure appropriate delivery of bus services within their area.” The explanatory memorandum also reaffirms the Welsh Government’s ambition “to provide a joined up public transport network that is safe, reliable, punctual, environmentally sustainable, accessible and responds to meet the needs of the travelling public.” The Committee is interested in what specific contingencies are in place to achieve this ambition without the tools included in the Bill. In particular, will the Welsh Government look to develop the Bus Emergency Scheme funding for this purpose?**

Delivering a joined up public transport network and reforming bus services in Wales remains a high priority for the Welsh Government. Following the Covid19 pandemic, we have given urgent consideration as to how we take that forward, whether through legislation or other means, or both.

As the Committee is aware, we have been developing the Bus Emergency Scheme to support the industry during these difficult times. As well as addressing emergency short term needs, the agreement underpinning the scheme provides an opportunity to establish the beginning of a lasting partnership between operators and public bodies to enable a reshaping of Wales’ bus network. Building on this partnership approach, the Welsh Government, supported by Transport for Wales, will design a new funding scheme in collaboration with local authorities and bus operators which will include a fair and consistent approach to fares, building patronage, and agreement to the principles of an Economic Contract and a Social Charter. This approach will enable us to work in partnership to improve services for passengers and help deliver on our ambition for integrated public transport. In the longer term, there will need to be legislation to underpin the progress made through the Bus Emergency Scheme and to support future funding arrangements. Work is underway to consider exactly what future legislation may be required.

The Committee will also be aware that on 1 August we announced an additional £10m of funding to enhance scheduled bus service levels through until the end of September. <https://gov.wales/written-statement-covid-19-bus-emergency-scheme-ramp-services>

A formal announcement of a new round of funding to support the bus industry to the end of the financial year is currently being prepared.

**Transport for Wales transfer of function business case**

**I was very interested in Simon Jones' answer on the business case for transfer of functions into TfW. Simon told the Committee that the work currently being undertaken on the Bus Emergency Scheme would have an impact on the transfer of bus functions. Please could you set out what this impact will be?**

**I understand that the urgent COVID work will have slowed down some of the work around transfer of functions. However the Committee has been keen to see the business case for quite some time. The Committee is keen to know when the Welsh Government is likely to publish this business case?**

The Bus Emergency Scheme has accelerated some of the changes that we were already anticipating in terms of how buses in Wales are managed and coordinated, as well as bringing forward some entirely new thinking.

As a result TfW is playing a greater role in buses than it was pre-crisis, in order to be able to support both Welsh Ministers and Local Authorities. We continue to evolve the Bus Emergency scheme and the role TfW will play on behalf of Welsh Ministers and local authorities. We are working closely with local government, WLGA and bus operators as this thinking develops and the new role for TfW emerges.

We will write further to the Committee once this work has been finalised.