

# Agenda – Economy, Infrastructure and Skills Committee

---

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: Wednesday, 7

December 2016

Meeting time: 09.15

For further information contact:

Gareth Price

Committee Clerk

0300 200 6565

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

## Private pre-meeting (09:15 – 09:30)

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

### 2 Ministerial scrutiny session – National Infrastructure Commission for Wales

(09:30 – 10:30)

(Pages 1 – 21)

Ken Skates AM, Cabinet Secretary for Economy and Infrastructure

Simon Jones, Director Transport and ICT Infrastructure, Welsh Government

Rhodri Griffiths, Deputy Director, Transport Policy, Planning & Partnerships

Attached Documents:

Research Brief

EIS(5)-12-16 (p1) Cabinet Secretary for Economy and Infrastructure

### Break (10:30 – 10:40)

### 3 Local Authorities – National Infrastructure Commission for Wales (To be confirmed)

(10:40 – 11:40)



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

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

### **4.1 Letter to the Chair from the Secretary of State for Business, Energy and Industrial Strategy regarding the steel industry**

(Page 22)

Attached Documents:

Letter to the Chair from the Secretary of State for Business, Energy and Industrial Strategy regarding the steel industry

### **4.2 Letter to the Chair from the Chair of the Public Accounts Committee regarding Rail Services**

(Pages 23 – 25)

Attached Documents:

Letter to the Chair from the Chair of the Public Accounts Committee regarding Rail Services

## **5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting and the next Committee meeting on 15 December 2016**

## **6 Consideration of international infrastructure evidence – National Infrastructure Commission for Wales**

(11:40 – 11:55)

## **7 Consideration of key emerging themes – National Infrastructure Commission for Wales**

(11:55 – 12:10)

## **8 Scoping paper – Inquiry into rail franchise and Metro delivery**

(12:10 – 12:25)

(Pages 26 – 31)

Attached Documents:

Scoping paper – Inquiry into rail franchise and Metro delivery

# Agenda Item 2

Document is Restricted

**ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE**  
**WRITTEN EVIDENCE**  
**NATIONAL INFRASTRUCTURE COMMISSION FOR WALES**

**Introduction**

1. The Welsh Government is committed to moving towards a better informed, longer-term strategy of investment in infrastructure which enshrines the principles of the Well-Being of Future Generations Act and which will enable the more efficient development of specific projects as their importance is more fully understood and supported by the people of Wales, including the need to achieve value for money for public sector investment.
2. To help achieve this aim, the Welsh Government intends establishing an advisory, non-statutory National Infrastructure Commission for Wales to provide independent and expert strategic advice.

**Consultation**

3. A consultation is currently underway to seek the views from stakeholders of the intention to establish a National Infrastructure Commission for Wales to inform and prioritise investment decisions on medium to longer term infrastructure needs. The consultation will provide stakeholders with an opportunity to contribute views on the way the commission is set up and run.
4. The consultation period began on 17 October 2016 and ends on 9 January 2017.

**Remit**

5. We envisage that the commission would be an advisory body, responsible for analysing, advising and making recommendations on Wales' longer-term strategic infrastructure needs over a 5-30 year period through making regular reports to the Welsh Government; strategic not just in the context of the size or cost of an individual project but in the sense of what might be their combined effect.
6. The remit would extend to all sectors of economic and environmental infrastructure, including energy, transport, water and sewerage, drainage solutions, waste, digital communications, flood and coastal erosion management and would extend to both devolved and non-devolved infrastructure reflecting the devolution settlement and the cross-border nature of infrastructure – for example the rail network.
7. Responsibility for setting policy, together with the regulatory and planning framework, and for making investment decisions where this is a government function, would remain with the Welsh Ministers for devolved infrastructure and with the UK Government for non-devolved infrastructure.
8. In the interests of stability and accountability, it is not proposed that the commission advises on programmes and work that have already been decided, or will be decided in the immediate future, by statutory and regulatory bodies.
9. The proposal is that that the commission would analyse and advise on economic and environmental infrastructure needs in an integrated way, taking a cross-sectoral approach to identify interdependencies. It may also look at cross-cutting delivery

**ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE**  
**WRITTEN EVIDENCE**  
**NATIONAL INFRASTRUCTURE COMMISSION FOR WALES**

issues if it considers them a barrier to delivering infrastructure needs, including governance, costs, financing and programme/project management methodology.

10. The remit would not extend to social infrastructure such as schools, hospitals, and housing. The Welsh Government considers that there are already well-established, effective arrangements for analysing the longer-term, strategic needs in these sectors which should remain the responsibility of the relevant planning and service authorities. However, the remit would extend to providing advice on the interactions between economic and environmental infrastructure and social infrastructure.
11. The commission's work would help inform the Welsh Government's longer -term infrastructure investment plans and in so doing, the National Development Framework, which will provide a longer term, strategic perspective on planning needs.

### **Membership**

12. The intention is for the commission to comprise a maximum of 10 members including the Chair, all of whom would be appointed on the basis of their expert knowledge and experience and not by virtue of their office. Members would need to be able to think and operate across sectors; be creative and inclusive in analysing future needs and the public policy challenges ahead of us, such as decarbonisation.
13. Appointments would be made through an open public appointments exercise in accordance with the Code of Practice for Ministerial Appointments to Public Bodies, the principles of merit, fairness and openness and the wider Nolan principles.

### **Openness and Transparency**

14. The commission would analyse, advise and make recommendations on Wales' longer-term infrastructure needs through making regular reports to the Welsh Government. The Welsh Government would expect the commission to publish regular reports on its work and hold public meetings every year in North, Mid, South and West Wales to explain and promote its role and work.

### **Conclusion**

15. There are a range of models already in existence and different ideas for the status and remit of an infrastructure body. The Welsh Government sees the establishment of an advisory, non-statutory commission as a first stage in strengthening decision making and delivery on infrastructure.
16. Depending on the feedback from consultation, the intention is to establish the commission by summer 2017.
17. The Welsh Government is open to changing the body's status and remit if, with experience, clear benefits emerge for doing so. The intention would be to undertake and publish a review of the body's status and remit before the next Assembly election in 2021.

# Agenda Item 4.2

Department for  
Business, Energy  
& Industrial Strategy

Russell George AM, Chair  
EIS Committee  
National Assembly for Wales  
Cardiff Bay  
CARDIFF, CF99 1NA

The Rt Hon Greg Clark MP

Department for Business, Energy & Industrial  
Strategy  
1 Victoria Street  
London  
SW1H 0ET

T +44 (0) 20 7215 5000  
E [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)  
W [www.gov.uk](http://www.gov.uk)

Our ref: MCB2016/28144  
Your ref:

24 November 2016



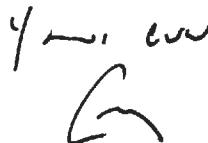
Thank you for your letter of 20 October to the Prime Minister in relation to the review that the Economy, Infrastructure and Skills Committee of the National Assembly for Wales recently held on steel industry. I am replying on her behalf, as the Secretary of State with responsibility for the steel sector.

Nick Hurd and I have been fully committed to working with the sector to understand and address the challenges it faces. We have both visited Port Talbot and I recently hosted a meeting with the CEOs of steel companies in the UK, including those based in Wales such as Tata, Liberty and Celsa and we remain in regular contact with the trade unions, as workforce representatives. We have also worked closely with the Welsh First Minister and Ken Skates, as the Cabinet Member for the Economy and Infrastructure.

We were pleased to have the opportunity to set out to your Committee the action that the Government has already taken to support steel producers, including those in Wales. As you know, we have compensated the steel sector for the costs of climate change and renewable energy policy, with £111m paid to steel producers so far. We have also worked with other EU Member States to ensure steel producers are protected from unfair trade practices. There are now 39 trade defence instruments in place; and these measures have proved effective in reducing the level of steel dumped in the EU by 70-90%. In addition, we have taken action to secure a longer transition timetable for compliance with EU emissions regulations and reformed public procurement guidelines to enable public sector bodies to take account of social and economic factors when buying steel. We are also working with the Steel Council to develop a vision for a sustainable and competitive steel sector in the UK, which we aim to complete during the first quarter of 2017.

Whilst progress has been made, we are not complacent and accept that work remains to be done, within the UK and internationally.

I look forward to reading your committee's review once it is published.



**THE RT HON GREG CLARK MP**  
Secretary of State for Business, Energy & Industrial Strategy

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

11 November 2016

## Rail Services

Dear Russell

As I am sure you are aware, the Auditor General for Wales published his report into Rail Services on 6 September. The Report considers the Welsh Government's powers and wider influence in respect of rail infrastructure and services, and related Welsh Government investment (with a particular focus on spending between April 2011 and March 2016). The report also considers the performance of services on the Wales and Borders franchise and plans for the procurement of Wales and Borders services from 2018. Public Accounts Committee (PAC) considered the report along with the Welsh Government's response to the Auditor General's recommendations, a copy of which is enclosed, at its meeting on 31 October.

During the discussion that followed, Member's considered whether they saw any merit in PAC undertaking an inquiry into rail services, especially as we are aware that your Committee anticipates issuing terms of reference for a rail inquiry in December with the inquiry beginning early in 2017. Considering this together with the Welsh Affairs Select Committee current inquiry looking at the rail franchise, PAC agreed not to undertake an inquiry as they were of the opinion that there could possibly be duplication between the various inquiries.

Members did, however, ask that I write to you request that you give consideration to address the following points in your inquiry:





- The report discusses the overall powers and influence that the Welsh Government has over rail–infrastructure investment and describes the limitations of the Welsh Government’s contractual relationship with Network Rail. Members noted the example of Case Study 1 in the report about the Rossett and Saltney Junction improvements. The report points to evidence given by the UK Government’s Department for Transport to the Enterprise and Business Committee in the fourth Assembly which stated that there was no intention to re–open discussions about devolution of the funding of Network Rail. Nevertheless, we considered that the response to the Auditor General’s recommendations about the Welsh Government’s relationship with Network Rail merits further scrutiny.
- The Welsh Government is pursuing a ‘competitive dialogue’ approach to the franchise/Metro procurement, which the Auditor General’s report notes is intended to allow for the Welsh Government to design a feasible, fit–for–purpose, solution to achieve the Welsh Government’s objectives rather than specifying this up front. Nevertheless, the report describes how an earlier Gateway review pointed to the need for greater clarity on the desired outcomes of an integrated contract and the minimum requirements which must be delivered through the procurement. We noted the Auditor General’s recommendation that ‘alongside the procurement process, the Welsh Government should develop a mechanism which enables it to demonstrate the value for money of the franchise component of the new contract, when compared with the current and other franchises’. The Welsh Government has only partially accepted this recommendation, seemingly on the basis that this could be a difficult exercise and because it considers that value for money is best demonstrated by focusing on its own procurement process rather than making what could be artificial comparisons. We consider that the Welsh Government’s position in response to this recommendation merits further scrutiny, if it is ultimately to demonstrate that it gets a good deal from what stands to be a multi–billion pound contract, and in light of some of the criticism of the existing franchise agreement.
- Members queried the overall capacity of the Welsh Government to undertake the procurement exercise, in the context of some of the inherent risks highlighted by previous franchising processes in England. The Auditor General’s report describes the arrangements that the Welsh Government has put in place to support the procurement process, including the establishment of the ‘Transport for Wales’ company and a new Strategic



Advisory Board (which has a wider remit). We would encourage your Committee to take evidence from members of the Strategic Advisory Board and from the executive directors of Transport for Wales (two of whom are on secondment from the Welsh Government). Your Committee might also wish to explore whether the Welsh Government can demonstrate that the establishment of Transport for Wales is delivering the intended benefits, both in terms of the supply of skills and costs.

- Finally, we assume that any further scrutiny of the procurement plans would also consider issues relating to the funding for the South Wales Metro in the context of the result of the UK referendum on EU membership, given the Welsh Government's intention to apply for European Regional Development Fund monies to support the project.

I hope that this summary of our discussion is helpful to your Committee and would welcome confirmation of your plans for further scrutiny in due course.

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is fluid and cursive, with a long horizontal flourish extending from the end of the name.

**Nick Ramsay AM**  
**Chair**



# Agenda Item 8

Document is Restricted