

Enterprise and Business Committee

Lleoliad:
Committee Room 3 – Senedd

Dyddiad:
13 July 2011

Amser:
10:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



I gael rhagor o wybodaeth, cysylltwch â:

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Agenda

1. Apologies and Substitutions (10:00 – 10:05)

2. Ministerial Scrutiny Session : Education and Skills (10:05 – 11:00)

(Pages 1 – 9)

Leighton Andrews, Minister for Education and Skills

Jeff Cuthbert, Deputy Minister for Skills

Emyr Roberts, Director General, Department for Children, Education, Lifelong Learning & Skills

Owen Evans, Director, Skills, Higher Education & Lifelong Learning Group

3. Ministerial Scrutiny Session : Transport (11:00 – 12:00) (Pages 10 – 15)

Carl Sargeant, Minister for Local Government and Communities

Jeff Collins, Director, Infrastructure Group

Tim James, Deputy Director, Networks & Planning

Agenda Item 2

Enterprise and Business Scrutiny Committee
13 July 2011

EBC(4)-01-11 Paper 1

Evidence from Minister for Education and Skills and Deputy Minister for Skills

1. INTRODUCTION

In the First Minister's introduction to Welsh Labour's manifesto, he stated: "At the heart of our work, Welsh Labour will fight for jobs and we will campaign for recovery."

The focus on jobs and skills is highlighted throughout that document, which has received a strong mandate from the Welsh public. Our commitment to this agenda is underlined by the fact that the Welsh Jobs Fund was our first, and most important, pledge in the Assembly election manifesto.

Our objectives for the Department for Education and Skills (DfES) reflect what we said in that manifesto, and they are:

- to raise the standards of education and skills provision, attainment and infrastructure across Wales so that everyone can reach their potential;
- to deliver a suitably skilled workforce with high quality opportunities for all learners;
- to support individuals, families, communities and businesses in improving economic and social wellbeing and reducing inequality through education; and
- to see the Welsh Language thriving in Wales.

Skills are vital for economic growth and social justice. Skilled workers help firms to take advantage of technological innovations and new ways of working, and skills also determine individual life chances: better-qualified people are more likely to be in work and have greater earning potential. The Welsh Government's work programme identifies skills as central to making Wales a highly attractive place to live, invest, employ and grow.

This paper highlights the major delivery priorities and developments which will progress these objectives, with information provided which updates and responds to issues raised in the Enterprise and Learning Committee Legacy Report of March 2011.

2. HELPING PEOPLE GET INTO WORK

The Welsh Government has articulated our disappointment at the proposals contained within the UK Coalition's Welfare Reform Agenda. Over recent months I have been in regular dialogue with Secretary of State for the Department of Work and Pensions, and his Ministerial team, to argue for a more progressive approach to dealing with those most likely to be

disadvantaged. I was particularly disappointed to learn of the UK Coalition Government's decision to scrap the Future Jobs Fund, a programme that partners from all over Wales have supported.

Despite these challenges there is consensus on the need to help young people acquire the skills they need for sustainable employment. The Welsh Government is committed to tackling youth unemployment and is taking forward the Youth Engagement and Employment Action Plan. We are considering proposals for the delivery of a new programme to deliver on the Welsh Jobs Fund manifesto pledge which would create job opportunities for 16-24yr olds. Proposals are currently being developed for implementation, with a view to commencing full delivery early in 2012.

This summer we will introduce a successor initiative to the Skill Build programme, which has delivered basic and introductory training for all ages. In future 16-17 year olds will benefit from 'Traineeships' which will offer enhanced support for young people facing the most severe barriers to employment. For adults, the Steps-to-Employment programme maintains a focus on employability and will extend the good practice identified through local employer partnerships.

The Steps-to-Employment programme will not only support those furthest away from the Labour market to seek the opportunities they deserve, but also provide support to overcome their specific barriers.

We have allocated contract volumes for this programme above the historic level of funding.

More broadly, and despite our concerns being voiced, the UK-wide Welfare Reforms have major implications for our efforts to tackle worklessness in Wales. Incentives and packages of support for the recruitment of individuals on benefits are often confusing and can be difficult to navigate. The Joint Employment Delivery Board will bring forward proposals later this year to develop the necessary cross-agency relationships and protocols to deliver coordinated support for businesses

By continuing delivery of the ReAct programme we will continue to provide support for those facing redundancy. ReAct II, introduced from 1st April 2011 increases the maximum wage subsidy to employers from £2,080 to £3,000 per person in the first year of employment to encourage employers to employ a redundant worker. A training grant of up to £1000 per person helps ensure they have the skills to remain in employment. ReAct II sees a change of programme emphasis, from training aimed at updating the skills of redundant workers to an enhanced support structure to encourage employers to recruit a redundant worker.

In view of the anticipated sharp rise in demand for the Redundancy Action Programme (ReAct) resulting from public sector job losses, £5 million of funding has been allocated from the Transition Fund in 2011-12 for a new programme called Adapt. This programme is based on ReAct and was

announced in January 2011 to help the public sector address workforce challenges.

3. SUPPORTING BUSINESS GROWTH

We aim to support growth and jobs across the Welsh economy.

3a. Anchor Companies and Employers

Programmes such as ProAct and its successor Skills Growth Wales have been instrumental in helping support businesses through the recession and into recovery. Our decision to reintroduce ProAct in response to the needs of manufacturing businesses impacted by the Japanese Tsunami is evidence of how we continue to be flexible and responsive to changing events, working with business to secure strategic operations and retain jobs in Wales. The scheme will be re-opened for a period of three months and made available to manufacturing companies based in the convergence area of Wales which have been forced to implement or consider introducing short time working arrangements.

The Workforce Development Programme (WfDP) will continue as a principal gateway through which businesses can access solutions to enhance the skills of their workforce. The WfDP approach is based on a commitment to listening to employers to understand their needs and then working with them to provide an appropriate package of support. Flexible selective and discretionary funding continues to be an important means by which we can provide a rapid response to address employer needs. No formal banding or grading of support is prescribed as support is geared to meeting the specific needs of each business. Currently, discretionary budgets are targeted for (i) Anchor Companies; (ii) Regionally Important Businesses; (iii) Businesses in Priority Sectors; and (iv) growth businesses linked to job creation. Depending on need, the support available to employers is summarised in Annex 1. All employers in Wales, including third sector organisations, are able to access support through the Workforce Development Programme.

We will however, continue a focus on developing our indigenous SME base. We will continue with programmes specifically designed to allow SMEs to source relevant apprenticeships through our Shared Apprenticeship Scheme. We are also working with colleagues from Department of BETS to investigate how we can better align our respective programmes specifically to support micro-businesses to take on employees for the first time.

3b. Apprenticeships

While we are committed to retaining an all-age Apprenticeship programme, increasingly the emphasis will be on creating opportunities for under-25s. This was an important manifesto commitment. A key development this year will be the roll-out of the Apprenticeship Matching Service. This web based service will enable potential apprentices to register, search for vacancies and apply

for apprenticeships. Employers will be able to register their companies, link to local training providers and post apprenticeship vacancies.

We are also continuing our Young Recruits Programme (YRP) initiative, which offers a wage subsidy to employers taking on a 16-24 year old apprentice. One thousand places will be available this year and this level of activity has been factored into contract allocations.

Pathways to Apprenticeship (PtA) offer an intensive, college-based option for young people. We will continue our commitment to the Pathways to Apprenticeship programme as a strong route into an apprenticeship, with a special focus on youth engagement and employment. We will deliver approximately 2,000 PtA places in 2011-12 and have secured ESF funding support to continue the programme until 2014.

This year the PtA programme has been extended to ten sectors across Wales and employer demand has been identified regionally by the Sector Skills Councils. This will ensure that employers, in sectors that are important to the Welsh Economy will have access to skilled young people.

3c. Basic Skills in the Workplace

As part of a package of support accessible through the WfDP we will help employers tackle the costs and wasted potential arising from low levels of literacy and numeracy in the workforce through the Basic Skills Employer Pledge. This will be supported by European funds through the new Basic Skills in the Workplace projects operating across Wales from October 2010 to December 2014. The projects plan to support over 3600 employers and 30,000 employed individuals and incorporate the Rural IT Wales projects which aim to raise IT skills in rural micro businesses. This programme is fully funded by the Welsh Government with support from the European Social Fund. All businesses have the opportunity to access support through this programme. The programme is currently valued at £20m over 4 years.

3d. Sector Skills

DfES is working with the Department for Business, Enterprise, Technology and Science (BETS) to drive forward Welsh Government's sector strategies and respond to the needs of Anchor and Regionally Important Companies. These strategies are critical to our ambition to improve economic growth and raise skill levels in economically important businesses and sectors in Wales. Dedicated Senior Sector Skills Managers within DfES are focused to ensure effective cross-departmental working in relation to sector level development. Sector Panels have highlighted skills as a key focus and are now in the process of developing their strategies. We await the outcome of the review of sector support from the Minister for BETS and will provide an appropriate skills response.

In line with our commitment to Sustainable Development we will work with partners to ensure that training provision will be available to deliver the low-

carbon agenda in Wales.” In the case of the low carbon agenda/ growth in new renewable technologies, we have projects and programmes targeting energy conservation and renewable energy which are predominantly focused on those already in employment. Subsidised training is currently being provided as part of the Delivering Low Carbon Skills Project with the network of Sector Skills Councils. This directly supports the commitment to provide people with the skills and opportunities to take advantage of the growth in new renewable technologies and the employment that will come with the 'greener' society. Programmes are also being developed to enable industries to develop 'green skills'. This includes a specific Pathway through Further Education as part of the Pathways to Apprenticeship programme. We are actively working with the Green Business Skills Forum to deliver what industry needs.

3e. Trade Union Learning

The Wales Union Learning Fund (WULF) delivers projects to improve adult basic skills in Union supported workplaces. Our commitment is to continue to strengthen and build the Wales Union Learning Fund (WULF) to support the trades union efforts to encourage both employers and employees to participate in training. With nearly £11m invested by the Welsh Government since 1999, WULF has already supported 153 projects, created a network of over 100 union learning centres with over 1,300 union learning representatives that have provided more than 10,000 employees across Wales with access to learning. Earlier in the year a further £2.4m package of support for WULF projects was announced and will be funding projects designed to address basic skill needs. The annual budget for WULF is currently £1.5m and the potential to increase this through ESF is currently being scoped.

3f. Sectors Skills Councils

The UK Commission for Employment and Skills (UKCES) is refocusing the role of Sector Skills Councils (SSCs). Their revised remit includes a greater focus on raising employer 'ambition' – with SSCs becoming more employer-facing bodies, which bring together a coalition of willing employers in their sectors to lead change and encourage more employers to develop high performing work places and grow their investment in skills at all levels. The UKCES faces a 40 per cent funding reduction over the 3 year period of the Comprehensive Spending Review (2011/12 – 2014/15). This has implications for the SSC network who have hitherto received core funding through the UKCES.

We will continue to ensure the needs of Wales are fully reflected in UK Sector Skills Policy discussions. The Welsh Government is currently engaged in negotiations on a four nation basis to agree the core (Universal) services SSCs will be expected to deliver. To improve efficiency, quality and effectiveness, the UKCES will be moving from core funding of SSCs to open contestable funding from 2012 -13. SSCs and SSOs will be invited to bid for funding to provide: National Occupational Standards (development and

maintenance), Apprenticeship Framework Development, and, for 2012/13 only, Vocational Qualifications Development. They will also be invited to bid to produce 14 LMI reports but will be competing against non-SSC, interested parties for this element.

3g. Qualifications Reform

We are committed to ensuring that the Welsh Government funding of qualifications targets those that are high quality, credible and relevant. That means ensuring we support those qualifications which best meet the needs of learners for progression and the needs of the Welsh Economy. To take forward this agenda we will be undertaking a review of all qualifications for those in the 14-19 age group to ensure investment goes into the most valuable qualifications.

The Wolf Review of Vocational Qualifications (VQs) in England has stimulated a wider debate on the value of certain vocational qualifications and the means through which the employer-voice is best captured by those developing qualifications. We will consolidate credit-rated vocational qualifications to better meet the needs of learners, employers and higher education in Wales, whilst contributing to and increase in standards.

During the VQ Reform programme a small number of SSCs were criticised by education establishments in Wales for their lack of consultation in the decision making processes leading to the removal of old or development of new vocational qualifications.

As part of the reform of the UKCES and SSCs the intention is to reduce the SSC role in the Vocational Qualification development and approval process. This will mean that SSCs may lose some capacity to interact directly with education providers. Therefore, in Wales we will need to consider effective ways to maintain links between SSCs and education/training providers and to encourage sustainable links directly between employers and education/training providers. We believe SSCs should utilise existing networks and develop closer working relationships with the reformed Careers Service in Wales in order to maintain these links.

3h. Understanding skills needs

We are working to strengthen the labour market intelligence available to inform learner and employer choices for investment, provider planning, and policy development within and beyond government. Our understanding of skills supply and demand issues in Wales will be significantly strengthened next year through both the publication of results from the Employer Skills Survey (covering 6000 employers) and the creation of a Welsh Government Labour Market Intelligence Unit. While LMI has an important role to play in helping us plan effectively for the future, it is equally if not more important for us to invest in the effective communication and targeting of messages from this intelligence, so as to help create a more informed market (demand) for skills. As part of our LMI project this year we will be working on plans that will

enable individuals to more easily understand the connections between qualification choices, career pathways, the relevant real-time opportunities in the labour market, and longer term trends.

4. SYSTEM REFORMS

The skills system is complex and involves not only building a closer and more effective relationship with employers in areas such as workforce development and apprenticeships, but also ensuring that schools, colleges, training providers and universities are effectively equipping individuals with the skills, knowledge, attitudes and competencies required to make a full contribution.

4a. Schools

It is important that our school system equips young people with the skills and knowledge they need for future study and the workplace. PISA tests the extent to which students near the end of their compulsory education have acquired those skills and are able to apply them. As part of the drive to raise attainment we will:

- Integrate internationally recognised assessments of transferrable skills for learning into school assessments at age 15.
- Increased engagement in science, technology, engineering and mathematics (STEM) across the curriculum and age range; and
- Ensure there are more centres offering the Welsh Baccalaureate Qualification for more learners at all levels 14-19 with increased opportunities to complete the qualification in all learning routes.

4b. Contribution of Higher Education

Higher education (HE) institutions contribute to the Welsh economy in a number of ways. First, on the supply side where they provide highly-trained people to the labour market, and generate knowledge and technology spill-overs which can drive economic growth. Second, on the demand side as major employers, purchasers of goods and services, and recruiters of students that spend money in the local economy.

We know that higher level skills have a key role in helping Wales succeed in the Knowledge economy. Responding to changing demand, we are seeing Universities offering more part-time courses, and part-time professional qualification programmes, and promoting Foundation degrees linked directly to employer need. Approximately 3000 people have now benefitted from the Go Wales scheme which supports the retention of graduates within the Welsh economy through placements with employers. Under the guidance of HEFCW, Universities are also working to ensure that the content and balance of undergraduate delivery recognises opportunities in the labour market, such as for Science, Technology, Engineering and Mathematics, and other professional provision such as accountancy and business.

The results of the latest Higher Education - Business and Community Interaction Survey (HEBCIS 2009/10) show that Welsh universities generally

perform well in engaging with business and promoting knowledge exchange. Wales reaches beyond its nominal 5 per cent UK share in several areas, including the number of active staff spin-out or graduate start-up companies and collaborative public/private sector-funded research. However, we perform less well in contract research and revenue from Intellectual Property.

Historically, we have had a serious problem of scale in Wales: too many small institutions and too many small research units, without the critical mass needed to realise efficiencies or win a sizeable share of research income. HE in Wales needs to change to meet the challenges of demographic trends and increasing competition, within the UK and internationally, for talented academics, students and research funding. The Welsh Government has set out an agenda for greater collaboration between institutions and the wholesale reconfiguration of the HE sector. In response to a request from the Minister for Education and Skills for advice on the future structure of the sector, HEFCW has submitted a report setting out its recommendations. The report will be published. A consultation on the Council's proposals will be undertaken in order to provide stakeholders with an opportunity to put their views forward.

We will also be endeavouring to ensure that in future the global reputation of Higher Education in Wales is restored. This will give our HEIs a springboard to maximise the opportunities provided by a strong global brand.

4c. Transformation

For everyone to reach their potential we need excellence, creativity, innovation and aspiration across the whole skills system. Transformation Agenda will help drive up performance and to improve the efficiency and effectiveness of provision through transforming both pre and post-16 provision in Wales. Officials are currently developing an approach to rationalising pre and post-16 provision to ensure that learners have the most efficient and efficacious structures in place to support high quality learning. This will build on existing developments and be consistent with HEFCW's review of HEI provision and the response to the recommendations of the report of the Independent Task & Finish Group on The Structure of Education Services in Wales.

4d. Further Education

We have worked with Further Education providers to establish three year funding arrangements. This will provide stability and capacity to be able to plan in a more sustainable environment while Ministers consider taking forward the outcomes of the Further Education Governance Review and undertake a fundamental review of post-16 planning and funding arrangements, the outcomes of which will be fully implemented by 2014/15. These developments will serve as key levers of change to the skills delivery landscape in Wales. I am also looking forward to working with the Sector to follow-up on the proposals of the Viv Thomas review into the structure of education in Wales.

ENTERPRISE AND BUSINESS COMMITTEE 13 JULY 2011

EBC(4)-01-11 – Paper 2

Evidence from Minister for Local Government and Communities

Enterprise and Learning Committee: Legacy Report

1. I would like to take this opportunity to thank the Enterprise and Learning Committee for all the work that they did in the last National Assembly term. They made a useful and positive contribution to the work of Transport within the Department for Economy and Transport. I look forward to working with the Enterprise and Business Committee over the next five years and hope that the discussions that we have will be just as useful and challenging.
2. I have set out very briefly below the broader strategic context within which the Transport Department now operates, as well as some key points on the transport network to provide some context for the Committee. I have also summarised my approach going forward in terms of the principles within which I have asked all areas within my portfolio to operate. This will set the scene moving forward.

Broader Strategic Context

3. Organisational Context; The Transport Department now sits within Local Government and Communities Directorate. The strategic outcomes of Local Government and Communities are:
 - Reducing poverty
 - Improving public services
 - Sustaining safe, vibrant communities
 - Enabling safe, reliable, sustainable travel
4. The Vision; A modern society that features high levels of mobility, where transport is an enabler of economic and social development; and where Wales' environmental impact on the world is reduced. The transport network should operate more efficiently, effectively, sustainably and inclusively, and there will be improved collaboration with and between local authorities, where services and functions are delivered at the appropriate level.
5. The Broader Context; The transport network plays a vital role in reducing poverty by supporting economic growth; linking people to jobs, delivering products to markets, supporting domestic and international trade; thereby helping to promote greater social inclusion and ensuring the sustainability of communities.
6. Budgetary Context; The settlement for the Welsh Budget from the UK Government following its Comprehensive Spending Review resulted in substantially reduced funding for both capital and revenue investment in transport.

7. Current policy frameworks; The current policy framework for transport is set out in the Wales Transport Strategy. This has five priorities:
 - reducing greenhouse gas emissions and other environmental impacts;
 - integrating local transport;
 - improving access between key settlements and sites;
 - enhancing international connectivity; and
 - increasing safety and security.
8. The National Transport Plan (NTP) takes forward these priorities and sits alongside Regional Transport Plans (RTP) in delivering the Wales Transport Strategy. The NTP contains a suite of interventions designed to deliver solutions to identified transport issues across Wales. The NTP also contains the principles that guide the day-to-day management of the transport system, including the network maintenance criteria that enable new interventions to be developed and scheduled when issues arise.

Priorities for Transport

9. I have already set out in Plenary on 21 June my approach to public service delivery moving forward, and it will come as no surprise that my approach for transport is similar. Delivery – taking effective practical action to improve services for the people of Wales.
10. My approach for public service as a whole will be based on clear accountability, delivery and collaboration, transport is no different. At a national level, the Welsh Government has a clear role to play in setting out the strategic context within which the Regional Transport Consortia and Local Authorities should work within. But there is a leadership role required of the Consortia and Authorities to respond to regional and local issues in a coherent and joined up way. Collaboration, whether on an informal, formal or statutory basis is essential to continue to deliver for the citizens of Wales in the current climate.
11. I expect the citizens of Wales to hold me and my officials accountable for delivering those schemes and initiatives that are within my control. But I am clear that local and regional organisations are accountable for their performance in fulfilling their statutory duties, and for meeting the needs of their communities.
12. I will be looking to build on the work of the Regional Transport Consortia, to deliver more transport functions on a regional basis, and considering the use of the powers to form Joint Transport Authorities.
13. The commitments set out by this Government include fourteen for which my Transport Department is directly responsible, but there are a number of others where transport has a positive and valuable contribution to make. The table below sets out those commitments. Some of which we have already made progress towards delivering, others we are working towards. Some of these actions, such as prioritising the objectives on the National Transport Plan, which I have asked my officials to undertake over the coming months, will significantly affect the Departments future work programme. Once complete I will share this work with the Committee.

Government Commitment	
Overarching & Legislative	
Prioritise the objectives of National Transport Plan	
Consider using the provisions of the Transport Wales Act 2006 to establish one or more Joint Transport Authorities	
Seek to establish a traffic commissioner for Wales	
Legislating to provide a duty to provide cycle routes in key areas	
Road	
Review the arrangements for winter road maintenance currently undertaken by local authorities and consider the potential for these being carried out by the Trunk Road Agencies in Wales	
Rail	
Examine the feasibility of the Wales and Border franchise being run on a not-for-profit dividend basis	
Make the case to the UK Government for the Assembly Government to have greater accountability of Network Rail	
Argue for the electrification of the south Wales - London Paddington line through to Swansea and develop the business case for the electrification of other parts of the local rail network in Wales	
Bus	
Retain free Bus Travel for pensioners and disabled people and their carers	
Work with partners to enhance the quality, reliability and safety of local transport bus service provision.	
Continue to improve services such as the TrawsCymru Network and the popular on demand Bwcabus scheme	
Extend eligibility for the concessionary fares travel scheme to seriously injured war veterans and armed forces personnel living in Wales	
Continue to encourage and support the development of community transport schemes that meet the needs of rural areas	
Examine the best options for providing local bus services for rural communities to have access to facilities.	

Enterprise & Learning Committee Legacy Report Recommendations

14. I was pleased to read the recommendations made the Enterprise and Learning Committee in its Legacy Report. Of the 35 recommendations, 11 fall wholly within the remit of the Transport Department and I have provided the Committee with an update of each of these in the table below.

	Recommendation	Response
2	In the Fourth Assembly, Welsh Ministers should be scrutinised on progress made in their discussions with the UK Government on establishing a Wales office of the Transport Commissioner for Wales & West	The appointment of Traffic Commissioners are matter for the UK Government and are not devolved to Welsh Ministers. The Welsh Government is having discussions with the UK Government on proposed changes to the arrangements for appointing Traffic

Recommendation		Response
	Midlands.	Commissioners and how we can deliver a Traffic Commissioner's presence based in Wales
3	In the Fourth Assembly the Welsh Assembly Government should be challenged with producing a detailed cost effective evaluation of road projects - both in terms of generating prosperity and also for sustaining communities - as well as a long-term plan that clearly sets out road development priorities against a background of funding availability and strategic policy priorities.	WelTAG is being refreshed to ensure that schemes are evaluated on the wider benefits to communities as well as the sustainable approach to construction and benefits to the economy. An example of this benefits is delivered in reality is the inclusion in contracts for target recruitment and training in the location where the road is being constructed. The Welsh Government is the first UK central Government to do this.
5	Welsh Ministers should be pressed to persevere with lobbying UK Ministers on the strong business case for electrifying the Great Western Main Line as far as Swansea, and should continue to be scrutinised on progress with developing the business case for electrifying the <i>whole</i> of the Cardiff area and Valleys Lines network.	<p>This work is absolutely critical, and I have already written to the Secretary of State for Transport pressing the case for electrification to Swansea.</p> <p>We are already working with stakeholders on identifying and quantifying additional benefits to the DfT business case. I am confident that this work will result in an improved business case conclusion, including more positive benefits than previously considered by DfT.</p> <p>In addition, we are working with DfT and Network Rail on the business case for Valleys electrification. Welsh Government's proposal for Valleys electrification include the Vale of Glamorgan, Maesteg and Ebbw Valley branches, additional to the network considered by DfT.</p> <p>We have made clear to the UK Government that Valleys electrification is one of our two key priorities for UK Government funding in railway Control Period 5 (2014 - 2019). Our second such priority is improved station accessibility.</p>
6	In its 2010 report the Committee recommended that the Welsh Government should lobby the UK Government for the North Wales Main Line to be directly connected to the proposed High Speed 2 (HS2) Line from London to the North West and Scotland. This should continue to be monitored.	<p>Infrastructure improvements for high speed rail are non-devolved and remains the responsibility of the UK Government on an England and Wales basis. However, Welsh Government supports High Speed Rail, for all regions of Wales, and we will continue to press the UK Government and Network Rail on this.</p> <p>We believe that electrification of the existing infrastructure is an important precursor to High Speed Rail, and the immediate priority.</p>

Recommendation	Response
	<p>When the High Speed rail route is finalised by the UK Government, we believe that direct access to the railway across north Wales will be vital. We have made this point already to the UK Government and will be reiterating it strongly in our formal response to the current UK Government consultation on the route.</p>
<p>7 The Welsh Assembly Government should continue to be pressed to produce a long-term plan for upgrading the country's train rolling stock, in conjunction with other stakeholders, to ensure services are fit for purpose and are compatible with future technology needs, such as electrification.</p>	<p>The Welsh Government is responsible for funding any rolling stock for services under the Wales and Borders franchise and we agree the requirement direct with the franchisee - currently, Arriva Trains Wales.</p> <p>We see no need for a formal published plan as wider stakeholders have no role in the business arrangements between Welsh Government and Arriva Trains Wales for rolling stock.</p> <p>There has been substantial investment in additional rolling stock and the refurbishment of carriages.</p>
<p>8 Pressure should continue to be put on the Welsh Assembly Government to provide revenue funding for rail service enhancements where the necessary infrastructure has already been provided, including the introduction of six-car trains on the Valleys Lines as envisaged some years ago.</p>	<p>Welsh Government is committed to providing additional carriages on the routes where we have invested in longer platforms.</p> <p>We continue to monitor demand levels with Arriva Trains Wales.</p>
<p>9 Welsh Ministers should be encouraged to seek further devolution of relevant powers <i>and associated funding</i> for rail infrastructure and services in Wales.</p>	<p>My officials have been evaluating options to gain greater accountability of Network Rail and examining the feasibility of operating the Wales and Borders Franchise on a not-for-dividend basis.</p> <p>Both of these commitments will require the support of the UK Government, and would require a UK Act of Parliament.</p> <p>In the meantime, there are opportunities to amend current working arrangements to allow closer involvement with the rail industry. For example, the regionalisation of Network Rail presents an opportunity for greater involvement in the operation of rail infrastructure in Wales.</p>
<p>10 Welsh Ministers should be pressed to use the renewal of the Wales and Borders franchise as</p>	<p>We would definitely wish to see the next franchise operator contributing additional</p>

	Recommendation	Response
	<p>an opportunity to negotiate enhancements to railway services and provision of rolling stock that would allow for electrification and future growth, and also as an opportunity to consider running the franchise on a not-for-profit or not-for-dividend basis.</p>	<p>investment to services in Wales.</p> <p>My officials have been evaluating options to gain greater accountability of Network Rail and examining the feasibility of operating the Wales and Borders Franchise on a not-for-dividend basis.</p> <p>Both of these commitments will require the support of the UK Government, and would require a UK Act of Parliament.</p>
11	<p>Future committees may wish to press the Welsh Government to consider using the UK Department for Transport to lever in European funding for railway infrastructure improvements serving existing or future qualifying areas in Wales.</p>	<p>DfT is responsible for funding rail infrastructure under the current non-devolved arrangements. We would wish to see the DfT maximising its investment in rail infrastructure in Wales.</p> <p>Welsh Government and its partners the local authority transport consortia already seek assistance under the Convergence programme for rail improvement schemes.</p>
12	<p>The Welsh Assembly Government should be encouraged to work with train and bus operating companies to develop an integrated transport ticketing system for Wales.</p>	<p>Two closed small scale pilots are being introduced from July 2011 to test an e-money settlement system for smart cards for pay as you go bus travel. The pilots will test the technology on bus services in Bangor, Newport and Cardiff.</p> <p>In parallel officials are working with Arriva Trains Wales to develop a pilot to trial the smartcard for rail travel. Initial discussions have identified the Ebbw Vale line as a potential pilot area.</p>
14	<p>The relevant committee in the Fourth Assembly is encouraged to introduce at an early stage an Assembly Bill that would place a duty on highway authorities to develop and maintain a network of traffic free routes across Wales for walkers and cyclists.</p>	<p>The First Minister has already identified this as a legislative priority.</p> <p>An announcement on the legislative programme is due shortly.</p>