

# Agenda – Economy, Infrastructure and Skills Committee

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Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 13 June 2019

Meeting time: 09.25

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

(09.25–09.30)

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

## 2 Paper(s) to note

### 2.1 Correspondence from Transport for Wales to Chair re Valley Lines

(Pages 1 – 2)

#### Attached Documents:

EIS(5)–16–19(P1) Correspondence from Transport to Wales to Chair



**2.2 Correspondence from the Minister for Economy and Transport to Chair re  
General Scrutiny Action Points**

(Pages 3 – 4)

**Attached Documents:**

EIS(5)-16-19(P2) Correspondence from the Minister for Economy and  
Transport

**2.3 Correspondence from the Minister for Economy and Transport to Chair re  
National Transport Finance Plan and TFW remit letter**

(Page 5)

**Attached Documents:**

EIS(5)-16-19(P3) Correspondence from the Minister for Economy and  
Transport to Chair

**2.4 Correspondence from EIS Chair to the Chair of the Finance Committee**

(Page 6)

**Attached Documents:**

EIS(5)-16-19(P4) Letter to the Chair of the Finance Committee

**2.5 Welsh Government Response: Research and Innovation in Wales**

(Pages 7 – 11)

**Attached Documents:**

EIS(5)-16-19(P5) Welsh Government Response

### **3 Access to Banking: Access to Services**

(09.30–10.30)

(Pages 12 – 35)

Thomas Docherty, Head of Public Affairs Nations & Regions, Which?

Sue Jude, Regional Director for Wales, National Federation of Sub Postmasters

Greg Lewis, Banking Product Manager, Post Office Ltd

Michael Norman, External Affairs, Post Office Ltd

#### **Attached Documents:**

EIS(5)–16–19(P6) Research Briefing

#### **Break**

(10.30–10.45)

### **4 Access to Banking: Access to ATMs**

(10.45–11.45)

Mary Buffee, Head of Consumer Affairs, LINK

### **5 Motion under Standing Order 17.42 (vi) to resolve to exclude the public from item 6**

#### **Private de-brief**

(11.45–11.55)

### **6 Scoping Paper: Decarbonisation of Transport**

(11.55–12.15)

(Pages 36 – 39)

#### **Attached Documents:**

EIS(5)–16–19(P7) Scoping Paper



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

23 May 2019

Dear Mr George

I have been asked to respond to the Committee regarding points raised by Mr Hefin David AM concerning the connectivity of the Valley lines.

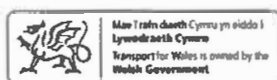
We have taken steps to increase our overall fleet by introducing 5 x ex-GWR Class 153, as well as bringing back into service a long-stopped Class 150 after repair of flood damage.

The class 153s will be used to service various lines across the Wales and Borders network, allowing the release of stock to strengthen the peak morning and afternoon services on the Rhymney Valley line. From the date of the May Timetable Change (19<sup>th</sup> May), seven of the eight morning peak services into Cardiff and all eight afternoon peak services out of Cardiff will be made up of four carriage sets.

In June, we will introduce refurbished, 'Class 37' loco-hauled, four carriage sets to the line. This will allow us to remove some of the existing stock - one by one - for refurbishment and PRM compliance works. A Class 37 hauled train (four carriages) will have 220 seats so there will be an increase in seating capacity on some services.

We have been able to access the Class 37s fairly quickly to provide the much-needed capacity resilience on this very busy passenger line. We are hiring them until the end of the year, at which point we plan to introduce more modern, refurbished 'Class 769' trains.

The Class 769s are currently expected to enter service on the Rhymney line from September, however, the current plan is to also continue to operate the Class 37s through until the end of the year to provide additional resilience through the autumn period.



Mae'r trwmn ddaeth Cymru yn eiddo i  
Llywodraeth Cymru  
Transport for Wales is owned by the  
Welsh Government

Cyfeiriad cofrestredig y swyddfa: Canolfan QED, Prif Heol, Ystâd Ddiwydiannol Treforest, Pontypridd CF37 5YR.  
Trafnidiaeth Cymru rhif cwmni: 09476013. Cwmni cyfyngedig drwy warrant. Cafrestrwyd yng Nghymru.  
Registered office address: QED Centre, Main Avenue, Treforest Industrial Estate, Pontypridd CF37 5YR  
Transport for Wales company number: 09476013. A company limited by guarantee. Registered in Wales.

The Class 769s are planned to be in use, alongside class 150s from the existing fleet, until all trains on the Rhymney Valley Line are replaced with brand new, 'tri-mode' trains from 2023. These innovative trains, which will be able to run on diesel (only off the core Valley Lines), overhead electric and battery power, will offer a more frequent service which provides greater capacity and faster journeys than the current service.

Since the change to the May Time Table on 20<sup>th</sup> May, there will be +3 carriages (11%) provided in the AM peak within the May timetable plan against the actual average last 10 weeks, and +4 (14%) for the PM peak.

**AM peak (arrive between 7am and 9am), Rhymney/Bargoed – Cardiff Central**

	Number of services	Number of carriages
Previous TT average	8	27
May TT plan	8	30

**PM peak (leave between 16:15 and 18:05), Cardiff Central - Rhymney/Bargoed**

	Number of services	Number of carriages
Previous TT average	8	28
May TT plan	8	32

Yours sincerely



James Price

**Ken Skates AC/AM**  
**Gweinidog dros yr Economi a Thrafnidiaeth**  
**Minister for Economy and Transport**



Llywodraeth Cymru  
Welsh Government

Russell George AM  
Chair  
Economy, Infrastructure and Skills Committee

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

23 May 2019

Dear Russell

Thank you for the opportunity to attend the EIS Committee's General Scrutiny on 9 May 2019. Please find below further information on the roll out of contractual commitments for the franchise that I undertook to provide. Transport for Wales (TfW) will write directly to the committee with information on connectivity of the Valleys lines.

I am content with the progress that is being made against contractual commitments. The ODP (Operator and Development Partner) Grant Agreement contains over 3,000 commitments with 390 items in the Service Improvement Plan. These are designed to both transform and continuously improve the rail services for the passengers of Wales and Borders. These commitments range from new rolling stock across the Wales and Borders to the introduction of new customer-focused performance delivery incentive regime (PTL a Passenger Time Lost measure) to enhanced signage for customers, better information and reduced carbon emissions. The contract includes a robust governance structure and reporting process to enable TfW to closely monitor and ensure the delivery of all of these commitments.

Seven months since the commencement of this contract, TfW have mobilised the new contract and begun the transition process. The contract includes a change process set out in the ODP Grant Agreement Schedule 9 and a Service Improvement Plan which can be extended or changed as set out in the ODP Grant Agreement Schedule 6.3 to allow some flexibility to recognise that within a 15 year contract term then the optimum solutions for customers may change. The process for changes to commitments ensures that value for money for the citizens of Wales and the best outcome for TfW customers are maintained.

So far, a range of contractual commitments delivered have been delivered and include:

- Deep cleans of 37 stations and all trains
- Introduction of the new PTL operational performance regime
- Commencement of the service quality continuous improvement regime
- Delay Repay 15
- Around £100k provided to community rail partnerships in the first six months of the contract
- 6 station adoption conferences held / planned for later in May
- Introduction of Smart Ticketing Scheme
- Joint Partnership Agreement achieved between Network Rail & TfW (Memorandum of Understanding signed by both parties)

- Complete rebranding of all Class 142 and Class 143S
- The commencement of a new rail passenger service between Chester – Liverpool from 19 May 2019.
- Launch of Community Rail Vision

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ken', with a long, sweeping horizontal stroke above the letters.

**Ken Skates AC/AM**

Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for Economy and Transport

**Ken Skates AC/AM**  
**Gweinidog dros yr Economi a Thrafnidiaeth**  
**Minister for Economy and Transport**



Llywodraeth Cymru  
Welsh Government

Russell George AM  
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[SeneddEIS@assembly.wales](mailto:SeneddEIS@assembly.wales)

29 May 2019

Dear Russell

Thank you for your letter of 26 April 2019 regarding the National Transport Finance Plan and Transport for Wales (TFW)' remit letter.

The National Transport Finance Plan: 2018 update was published on 3 May 2019. It details transport improvements we have made since 2017 and improvements we plan to make in the next two years. It can be accessed at the following link:

<https://gov.wales/national-transport-finance-plan-2018-update>

The TfW Remit Letter covering the period from 1 April 2019 to 31 March 2020 has been issued to the Company and has since been published at the following link:

<https://gov.wales/transport-wales-interim-remit-letter-1-april-2019-31-march-2020>

Yours sincerely



**Ken Skates AC/AM**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for Economy and Transport



# Agenda Item 2.4

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

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

Llyr Gruffydd AM  
Chair of the Finance Committee

06 June 2019

Dear Llyr,

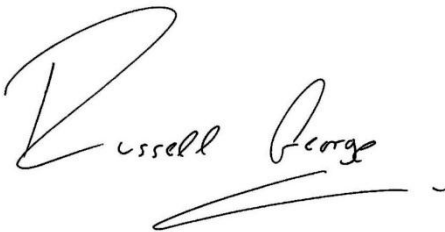
## **Retention payments in construction contracts**

Thank you for your letter on the 16 May, proposing a joint piece of work into retention payments in construction contracts.

I write to inform you that the Economy, Infrastructure and Skills Committee (EIS) recognises the importance of this topic, and would be happy to undertake a joint piece of work with the Finance Committee.

I have asked the Clerk of the EIS Committee, Gareth Price, to liaise with the Clerk of the Finance Committee in order to arrange a meeting to discuss the next steps.

Yours sincerely,



Russell George AM  
Chair  
Economy, Infrastructure and Skills Committee



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**Economy, Infrastructure & Skills Committee – ‘Research and Innovation in Wales’ (April 2019) – Welsh Government Response to the Recommendations**

<b><u>Recommendation 1</u></b>	
<b>The Welsh Government should consider setting its own target for investment in research and [innovation] investment in Wales, bearing in mind the OECD average of 2.4 per cent.</b>	
<p>As part of delivering the UK Industrial strategy, the UK Government set 2.4 per cent of GDP for R&amp;D spend (based on the current OECD average), as a UK-wide average target to be achieved by 2027. To achieve this target of 2.4 per cent, the total UK R&amp;D investment need to rise to around £60bn, which is more than double current investment levels.</p> <p>A similar exercise by the UK Government in 2004 to secure a target of 2.5 per cent by 2014 was never achieved for several reasons and the UK in 2018 has a current baseline research intensity of 1.7 per cent. There are no specific targets for the devolved nations or English regions and it is important to bear in mind the considerable, wide variation in research intensity that already exists between and within UK nations. Wales’ percentage of R&amp;I investment, as a proportion of R&amp;D, is estimated by the ONS to be around 1.05 per cent - considerably below the current UK average. The majority of funding and associated decision levers for delivering this UK target largely sit outside Wales and so remain outside the control of Welsh Government. Therefore, while the Welsh Government welcomes the ambition to increase the UK target of research intensity for all the reasons laid out in the Industrial strategy, the Welsh Government’s main focus centres on securing replacement funding for EU Structural Funds as outlined in the recent <b><i>Securing Wales’ Future</i></b> publication <b><i>Wales: Protecting research and innovation after EU exit</i></b>. However, we will take this recommendation into consideration as we continue to work on the draft vision for the new Commission for Tertiary Education and Research.</p>	<b>Reject</b>
<b>Financial Implications:</b> None.	
<b><u>Recommendation 2</u></b>	
<b>Despite the Welsh Government’s claims that it has a vision for research and innovation, it is clear that those in the post-compulsory education sector are not aware of it. The Welsh Government should work with stakeholders – including Further Education – to agree and communicate a vision for all research and innovation activity in Wales. This all-Wales vision should build on the vision developed by HEFCWs, recognising and encompassing business activity which occurs beyond universities.</b>	
There are many challenges and opportunities ahead and there is a need to work with all relevant stakeholders – including HEFCW and Further Education – to agree and communicate a wider vision for all research and innovation activity in Wales, building on the Government’s economic and education strategies, and HEFCW remit letters. In taking this forward, it will	<b>Accept</b>

<p>need to also capture the significant contribution of industry, which occurs beyond universities.</p>	
<p><b>Financial Implications:</b> Financial implications will be considered when future approach is being developed.</p>	
<p><b><u>Recommendation 3</u></b></p>	
<p><b>Without seeing a concrete proposal, it is difficult to reach a firm conclusion. However, the legislation establishing Research and Innovation Wales (RIW) should enshrine the arms-length principle while ensuring that Ministers remain accountable to the National Assembly for Wales. It should also empower RIW to influence sector activity and adapt to wider changes in the sector over time without further detailed legislation being required.</b></p>	
<p>The Post-Compulsory Education &amp; Training (PCET) White Paper and subsequent Consultation Paper described three modes of funding by and through which Welsh Ministers will have different levels of intervention. The three funding mechanisms are:</p> <ul style="list-style-type: none"> <li>a. unhypothecated funding to Commission for Tertiary Education and Research (CTER),</li> <li>b. themed hypothecated but not directed funding,</li> <li>c. directed funding for specific projects.</li> </ul> <p>In this manner, Welsh Ministers will have different levels of ‘arms length’ interaction with the research and innovation communities. This will enshrine the ‘arms length’ principle for a significant part of the funding and closer involvement by Ministers to allow Ministerial priorities to be addressed more closely for other parts of funding.</p>	<p><b>Accept</b></p>
<p><b>Financial Implications:</b> None, for this response on the principle. PCET/ CTER planning, referred to above, will establish the actual cost of the model selected.</p>	
<p><b><u>Recommendation 4</u></b></p>	
<p><b>The Welsh Government should protect and enshrine the Haldane Principle and Dual Funding System within the Post-compulsory Education, Training and Research (PCETR) legislation in the same manner as it has been enshrined in the UK Higher Education and Research Act 2017.</b></p>	
<p>The Welsh Government has always sought to observe and protect the Haldane Principle and this is addressed, within the PCET White Paper, in a similar way to that described in the Higher Education and Research Act (HERA) 2017 and UKRI Framework Document 2018.</p> <p>The Haldane principle applies to science and research which the Welsh government funds through HEFCW. It does not apply to any research budgets of government departments, which are used to fund research to support their departmental policies and objectives. Although all governments need to take a view on the overall level of funding to research, recognising</p>	<p><b>Accept</b></p>

<p>the strategic importance of research to our future growth, prosperity, culture and heritage, Welsh Government Ministers do not decide which individual projects should be funded nor which researchers should receive the money.</p> <p>The Dual Funding mechanism is also a principle adopted in the HERA 2017 for the UK Research Councils and Research England and relates to the balance between unhypothecated Research England funding (Quality-related Research funding QR, HE Innovation and Engagement Funding HEIF and other related funding) and hypothecated Research Councils funding.</p> <p>The manner in which the three funding methods described for the RIW are planned are described in Recommendation 3.</p>	
<p><b>Financial Implications:</b> None.</p>	
<p><b><u>Recommendation 5</u></b></p>	
<p><b>The debate regarding the balance between public funding for basic research and for applied research is extremely complex and dynamic. As Research and Innovation Wales (RIW) will be made up of individuals immersed in these debates, it will be far better placed than the Welsh Government to decide how to allocate its funding. The remit of RIW, as established in the forthcoming Post-compulsory Education, Training and Research Bill, should reflect this.</b></p>	
<p>This is as intended, notwithstanding the provision for Ministers hypothecating and directing funding (as illustrated in the response to Recommendation 3).</p>	<p><b>Accept</b></p>
<p><b>Financial Implications:</b> None.</p>	
<p><b><u>Recommendation 6</u></b></p>	
<p><b>To increase its influence over investment decisions made in London, Welsh research and innovation needs to be better woven into the fabric of UK level discussions and be more visible. The Welsh Government should review whether the mid-level post it has created in response to Professor Reid’s report has sufficient gravitas to drive this effort.</b></p>	
<p>Arrangements have been put in place involving a refresh of the London Office and the appointment of a permanent staff member in London with sufficient seniority coupled with regular attendance in London by senior officials, such as Professor Peter Halligan, the Chief Scientific Adviser for Wales (CSAW) and Huw Morris, Director of SHELL.</p> <p>It is important that the presence in London is viewed in terms of what it needs to deliver. There are several routes into the UK Government from many different Welsh Government sources in relation to the R&amp;I agenda. The point of establishing the Research Innovation Strategic Engagement (RISE) Group is to coordinate this activity across the different portfolio interests (see also response to Recommendation 8).</p> <p>While it is too early to formally evaluate, we are open to it being reviewed in due course.</p>	<p><b>Accept in principle</b></p>
<p><b>Financial Implications:</b> None. Any additional costs, arising from any review,</p>	

will be drawn from existing programme budgets.	
<b><u>Recommendation 7</u></b>	
<b>If the final remit and scope of Research and Innovation Wales (RIW) includes organisations outside the post-compulsory education sector such as NHS Trusts, technology organisations and businesses, then the Welsh Government could consider the case for making RIW independent of the proposed Commission for Tertiary Education and Research (CTER), an organisation which will primarily be a strategy planning body for post-16 education.</b>	
This option has been previously considered, at the time of feedback to the Hazelkorn report. It was rejected in favour of the Hazelkorn recommendation, that research interests should be included in the PCET (now CTER) body. The Reid Review did not conflict with this recommendation.	<b>Reject</b>
<b>Financial Implications:</b> None.	
<b><u>Recommendation 8</u></b>	
<b>The Welsh Government should review its internal structures for supporting research and innovation early in 2020, to ensure that the joint working the Minister for Education has talked about is happening and effective – both at Ministerial and official level.</b>	
<p>We are happy to review arrangements, although progress has been made in establishing more robust mechanisms. At Official level, the RISE Group is making progress in this direction although it is early in its development. The membership of the RISE Group represents a mixed portfolio encompassing several Ministerial interests. As the relationship between RISE members develops, the mirroring of this at a Ministerial level can be a future consideration.</p> <p>A further mechanism is the Science Strategy Network (SSN). Senior Welsh Government officials, whose work or policy responsibilities have a scientific facet (social sciences as well as the physical and natural sciences) meet regularly to share information, discuss common problems and approaches and arrange collaborative activity, when this makes sense.</p> <p>As well as internal mechanisms, the Welsh Government benefits indirectly by the advice provided to the Chief Scientific Adviser for Wales, Professor Peter Halligan, by his ‘Wales Science and Innovation Advisory Council’. This small but extremely distinguished group of advisers are providing him with their insight and extensive experience in the works of academic research, industry requirements and public policy formation in research and innovation in Wales, the wider UK and beyond.</p>	<b>Accept</b>
<b>Financial Implications:</b> Any costs can be met within existing Departmental Running Costs.	
<b><u>Recommendation 9</u></b>	
<b>Higher education and industry stated that the absence of Innovation</b>	

<b>and Engagement Funding significantly limited the ability of universities in Wales to engage and collaborate with business. The Committee fully supports HEFCW's aim to reinstate this funding, and the Welsh Government should provide the funding necessary to achieve this in full, as a matter of urgency.</b>	
As recommended by the Diamond Review, HEFCW are planning to reintroduce this funding in 2020/21. HEFCW are seeking stakeholder views on the proposed requirements including the model of delivery and funding metrics.	<b>Accept</b>
<b>Financial Implications:</b> The cost will be drawn from existing programme budgets, deployed through the funding allocated via grant-in-aid to HEFCW, as an arm's length body.	
<b><u>Recommendation 10</u></b>	
<b>Considering the fundamental importance of research and innovation to Welsh prosperity, the Welsh Government should provide the funding to allow HEFCW to achieve its aim of implementing the remaining recommendations of the Reid Review, including creating the Future of Wales and St David's Funds, in full, as a matter of urgency. Waiting for additional funding to become available as a result of the reforms of student funding risks seeing Welsh Universities fall behind their rivals.</b>	
The relevant recommendation from the Reid Review was for Welsh Government to 'create a single overarching brand for its innovation activities: the St David's Investment Fund', not to provide funding for HEFCW. Therefore we cannot accept this recommendation.	<b>Reject</b>
<b>Financial Implications:</b> None.	
<b><u>Recommendation 11</u></b>	
<b>If the Future of Wales Fund is intended to incentivise the winning of external funding, particularly from UKRI, it would be consistent for this fund to be available to all bodies eligible to bid for UKRI funding, including National Museum Wales.</b>	
It is the intention, in principle, that bodies such as National Museum Wales could be eligible for such funding, so long as they meet the relevant criteria, set for recipient bodies and achieve an appropriate level of R&I performance (for example as measured by REF or other criteria).	<b>Accept</b>
<b>Financial Implications:</b> None, from this recommendation.	

# Agenda Item 3

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# Agenda Item 6

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