

Agenda – Economy, Infrastructure and Skills Committee

Meeting Venue:	For further information contact:
Video Conference via Zoom	Robert Donovan
Meeting date: 25 November 2020	Committee Clerk
Meeting time: 09.15	0300 200 6565
	SeneddEIS@senedd.wales

Private pre-meeting (09.15–09.45)

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv

1 Introductions, apologies, substitutions and declarations of interest
(09.45)

2 Paper(s) to note

2.1 Letter from the Minister for Economy, Transport and North Wales re:
Transport for Wales scrutiny

(Pages 1 – 6)

Attached Documents:

EIS(5)–24–20 – Paper 1 to note

EIS(5)–24–20– Paper 1a to note



2.2 Letter from Minister for Economy and Transport re: Update on Decarbonisation of transport report

(Pages 7 – 9)

Attached Documents:

EIS(5)–24–20– Paper 2 to note

2.3 Letter from the Chair to Chief Executive, Development Bank of Wales

(Pages 10 – 12)

Attached Documents:

EIS(5)–24–20– Paper 3 to note

3 General Ministerial Scrutiny

(09.45–10.45)

(Pages 13 – 35)

Ken Skates MS, Minister for Economy, Transport and North Wales

Lee Waters MS, Deputy Minister for Economy and Transport

Simon Jones, Director Economic Infrastructure

Sioned Evans, Director Business and Regions

Alan Woods, Deputy Director, Further Education & Apprenticeships Division

Attached Documents:

EIS(5)–24–20– Paper 4: Research Brief

Break (10.45–10.55)

4 General Ministerial Scrutiny

(10.55–11.55)

Ken Skates MS, Minister for Economy, Transport and North Wales

Lee Waters MS, Deputy Minister for Economy and Transport

Simon Jones, Director Economic Infrastructure

Sioned Evans, Director Business and Regions

Alan Woods, Deputy Director, Further Education & Apprenticeships Division

5 Motion under Standing Order 17.42(ix) to resolve to exclude the public for the remainder of the meeting
(11.55)

6 Private

(11.55–12.15)

Consideration of evidence following the meeting

Ken Skates AC/AM
Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales

Agenda Item 2.1


Llywodraeth Cymru
Welsh Government

Russel George SM
Chair of the Economy, Infrastructure and Skills Committee
SeneddEIS@senedd.wales

17 November 2020

Dear Russell,

Thank you for your letter of 25 February regarding your scrutiny session with Transport for Wales (TfW), Network Rail and TfW Rail Services. Please accept my apologies for the delay in responding, due to the pressures of the covid-19 pandemic.

Since the committee asked these questions in February the pandemic has brought unprecedented challenges to the rail sector in Wales. As a result we have implemented a new relationship between Transport for Wales, Keolis and Amey, better suited to delivering our ambitious vision for the future of public transport in Wales in a post-Covid environment. As such I do not think it would be helpful to the committee for me to provide detailed answers to the committee's past questions at this point.

I recently updated members on the future delivery model for TfW in my written statement on the future of rail which can be found at:

<https://gov.wales/written-statement-future-rail-update>

I also covered this ground when I attended the Committee for the Scrutiny of the First Minister on 22 October, to answer questions on the future of rail service, at which you were present.

Yours sincerely



Ken Skates AS/SM
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.

Ken Skates AM
Minister for Economy, Transport and North Wales

25 February 2020

Dear Ken,

On 29 January 2019 the Committee held a scrutiny session with Transport for Wales, Network Rail and TfW Rail Services (Keolis Amey). Members looked in detail at the Wales and Borders rail franchise and the wider work/development of Transport for Wales. Following our session the Committee is seeking clarity on a number of points. I anticipate that some of these questions will need input from Transport for Wales, however I wanted to put them to you in the first instance.

Transfer of Core Valley Lines

- How will Transport for Wales report on its investment and spending on the Metro and Core Valley Lines- both in terms of investment in upgrading the network, and future operation, maintenance and renewal (OMR) spending? Currently Network Rail and the Office of Rail and Road (ORR) report on investment. As this is large scale public investment in vital infrastructure the Committee feels data around spend and reporting on the investment should be as open and transparent as possible.



- During the session James Price said he would welcome the Committee's views on financial reporting on Metro investment. In the Committee's view, at a very minimum, investment in the Core Valleys Lines infrastructure (both enhancement and on-going OMR) should be at least as transparent as it is currently through Network Rail Regulatory Financial Statements. However, we believe that the transfer of the asset provides an opportunity to simplify and clarify this reporting, including reporting on wider performance, ensuring information is available in a form which is more readily accessible for the public.
- James Price told us that TfW and the Welsh Government are in discussion with the ORR about potential future options for regulation of the South Wales Metro. We would ask that you provide further information on these discussions, including the rationale for considering a role for the ORR, and the other regulatory options being considered.

Compensation for passengers

- The Committee previously recommended that Transport for Wales work with stakeholders to explore additional ways to compensate passengers above contractual obligations during periods of severe disruption. TfW accepted this recommendation. When asked about progress on this James Price informed the Committee that TfW had recently established customer groups and that TfW would be speaking to them about the issue. However he also stated "any money we take out of the budget that we've already got comes out of money for investing in the future."
- The Committee notes Mr Price's comments about the implications of this type of compensation for future investment. However, we would also highlight the very severe impact on passengers of this continuing poor performance – including in some cases financial impact and an impact on their employment – and we reiterate that TfW accepted our previous recommendation. We would like to hear your view on the provision of additional compensation for severely disrupted passengers.



Integrated ticketing

- The Committee feels the progress with integrated ticketing is far behind where it should be and this needs to be a priority. James Price made it clear in the session that technology was not the barrier to integrated ticketing. Please can you provide the Committee with an update on the Government's stance on, and progress towards, integrated ticketing, including details of barriers to implementation and how these are being addressed? The Committee would also welcome ongoing updates on this matter. We note that, unlike in recent English and Scottish legislation, your planned Bus Services (Wales) Bill will not include provisions around ticketing.

Capacity and new trains

- As you know there is currently an issue with overcrowding on the Rhymney Line. The Committee was told to expect a 30–40% uplift in capacity on the Rhymney line this year – an increase in capacity which is very much welcomed. As well as the obvious negative effects on passengers on the Rhymney line, the overcrowding, and issues with the temporary class 37 trains, have a knock on negative effect on the wider south Wales network. As Transport for Wales has experienced severe delays in securing additional rolling stock recently it is not unreasonable to consider the possibility that this new capacity will not be delivered on time. Do you have confidence in the rolling stock delivery? If the rolling stock is not delivered on time how will you mitigate any delay and remedy overcrowding and its knock on effects in the short term?
- The Committee notes that TfW expect to be running pacer trains on the network until July, but that the organisation is preparing for the possibility that it may need to extend this if they cannot source replacement rolling stock. TfW is also hoping to replace class 37 trains in the next two to three months but may extend their use if required. As you know both the pacers and the class 37 trains are not compliant with legislation on rail vehicle accessibility. Whilst the Committee accepts that removing these trains from service would worsen the current overcrowding on the network it is greatly concerned that the failure to source accessible replacements is having a detrimental effect on the mobility of disabled people across the Valleys and



in Cardiff. If the non-accessible trains cannot be replaced by the end of July how confident are you that the UK Department for Transport will issue a further dispensation against the Regulations? What contingency planning is being undertaken around the possibility that TfW fails to source rolling stock in time and DfT does not grant a further extension?

- As you will recall the Committee's Autumn Rail Disruption report, published last March, warned of suppressed demand for rail services and recommended that capacity planning should take this into account. During the 29 January scrutiny session James Price agreed with this view, stating that despite TfW being "quite ambitious in terms of the number of people we thought would use the service in future" they "have underestimated the potential growth." The committee is concerned that suppressed demand may lead to South East Wales Metro services remaining at capacity or seriously overcrowded. The Committee is interested in your view on this, and what work is being undertaken to address these capacity concerns?

Welsh Language

- The Committee discussed TfW's responsibilities in relation to Welsh Language requirements, in the light of media reports indicating that TfW is not complying with its legal obligations. James Price explained that some issues TfW are having are due to a failure by the Rail Delivery Group to accept that Welsh language legislation applies, for example, to ticketing. However, there are areas which are clearly within TfW's control and very easy to fix. These include bilingual signage and announcements. The Committee would like to see greater urgency given to fixing the problems with Welsh language provision, which Welsh-speaking customers are quite rightly unhappy about. The Committee would also like details of each of the issues raised by the Welsh Language Commissioner, and a specific response and approach to each, in due course when the Commissioner's report is published.

Passenger surveys

- When asked about Transport Focus's National Passenger Survey James Price noted "some of the strangest things for me are the areas where we thought we're doing best on are some of the areas where we've seen scores drop,



and some of the areas where we thought we're doing poorly on we've seen the scores jump". He also informed the Committee that TfW undertakes around 600 surveys over the course of a year into customer satisfaction. It would be helpful to know more about the methodology and results of the survey work undertaken by TfW, including how these compare to Transport Focus's National Passenger Survey.

Yours sincerely,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a long horizontal flourish underneath.

Russell George

Chair, Economy, Infrastructure and Skills Committee



Russell George MS
Chair of the Economy, Infrastructure and Skills Committee
SeneddEIS@senedd.wales

17 November 2020

Dear Russell,

Further to my response sent to the Committee on the 25 August, please see updates for recommendations 2, 4 and 7 below.

Recommendation 2. The Welsh Government should update the Committee on the latest position with its plans for the EV infrastructure network and when it intends to publish its EV strategy. Alongside information on charging infrastructure the Welsh Government should also clearly set out its approach to ensuring taxi / PHV and bus operators themselves adopt EVs by the Government's target date of 2028.

Response: Accept

Approach on zero emissions buses

The EV Charging Strategy is in draft form and under review by the government with a view to a public consultation by the end of this year.

It is recognised that due to the high upfront purchase cost of zero emissions buses and high cost of enabling infrastructure, bus operators will need support to make the transition to a fully zero emission fleet by 2028.

Over the next year, in addition to funding pilot schemes, we will put in place a plan, through consultation with local authorities, bus operators and manufacturers, to deliver on this aim. This process will include consideration of purchase incentives, a government supported leasing model, grants for infrastructure, support for retrofitting and commitments to end the purchase of new ICE buses.

This ambition will also be supported by the UK government's pledge to deliver 4,000 zero emission buses in England and Wales over the next 5 years.

Approach on zero emission taxis and PHVs

It is recognised that due to the high purchase cost of zero emission vehicles, especially wheelchair accessible vehicles, that they will be unaffordable for many of the taxi and PHV industry, even after any grants have been applied. In the short term we are developing plans for a 'try before you buy scheme' to complement investment in charging infrastructure.

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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.

Over the next year, we will undertake an investigation and implementation of incentives such as lease schemes and loans and regulation required to enable the switch to cleaner vehicles. We will also work with Transport for Wales (TfW) to make certain that the required infrastructure is in place to support the transition to zero emission taxis.

This will provide affordable options to taxi & PHV industry, with long term vehicle fuel and maintenance cost savings, whilst contributing to a cleaner environment through the replacement of a mainly diesel vehicle fleet with zero emission vehicles.

Financial implications: No additional funding implications beyond what will be funded from existing budgets.

Recommendation 4. Welsh Government should update the Committee on plans for, and progress with, the development of UK-wide specifications, standards and long-term cost modelling for low-emission EV technology to be deployed in Wales. The Committee would also like to be informed about how Welsh Government will share its plans with Welsh transport operators, to build confidence for investment in new technology.

Response: Accept

We agree that there should be a UK wide response to this matter. A written update will be provided to the Committee following the announcement of the UK Government's transport decarbonisation plan which is anticipated by the end of the year. Further detail will become available as we develop the transport sector pathway for the second Wales Low Carbon Delivery Plan which is scheduled to be published in November 2021.

Financial Implications: No direct financial implications at this stage.

Recommendation 7. The Welsh Government should outline how decarbonisation targets are taken account of as part of its Covid-19 emergency response to support bus operations, and how it will capitalise on any benefits accruing from the current and future arrangements with operators and partners.

Response: Accept

Emergency support for bus operations through the pandemic will help meet our carbon budgets in future years, by supporting bus services and the industry which under normal circumstances result in fewer carbon emissions per passenger km than travel by private car. We are using the Covid-19 emergency support funding to enable a reshaping of Wales' bus network by giving the public sector more influence over routes and standards, including standards associated with reducing carbon emissions.

Funding to date has been delivered in two parts: the Bus Hardship Fund (Q1, £29m allocated in March) and the Bus Emergency Scheme (Q2, £16.8m allocated in June). The Bus Emergency Scheme (BES) has been designed enable a reshaping of Wales' bus network by giving the public sector more influence over routes and standards, including placing a requirement on operators to demonstrate progress on reducing carbon emissions. TfW has been working to develop the structure and terms for the next stages of BES: BES 2 and BES 3 which will govern their behaviours in the delivery of both contracted and commercial services, including their progress in reducing carbon emissions.

Financial implications: No direct financial implications at this stage.

I will send further recommendation updates to the Committee in early 2021.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a long horizontal flourish extending to the right.

Ken Skates AS/MS

Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales

Giles Thorley

Chief Executive, Development Bank of Wales

19 November 2020

Dear Giles,

Scrutiny of Annual Report 2019–20, Covid–19 Response and Future Priorities

The Committee thanks you and your colleagues for your time and answers during our annual scrutiny session on 11 November. As always it was a very informative and constructive discussion. The Committee appreciates the enormous efforts made by the Bank’s employees to grow and evolve its operations to support Welsh businesses in very challenging circumstances.

There were a few issues arising from the session that Members agreed to follow-up with you in writing:

- The Bank’s ‘strategic asset’ document states the goal of “creating and safeguarding higher quality jobs”, but no detailed analysis is provided in the latest Annual Report of the quality of jobs created and safeguarded in 2019–20. The Annual report does note (on page 12), that “We are working to further understand and measure the social and macro-economic impacts of our activity”. Although the Bank has been collecting data on salaries and gender-split of jobs created, this data has not been combined for analysis. The Committee also noted the importance of other measures of job quality, including longevity and opportunities for progression.



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Rhian Elston said that the Bank was aware of the findings of the Fair Work Commission about characteristics of fair work, but that it was “quite difficult” to measure with data. Whilst the Committee acknowledges the Bank’s concern not to ‘overload’ businesses with data requests, it would have expected to see further progress on being able to clearly demonstrate the quality of jobs created. It looks forward to a more detailed breakdown of data and analysis on this being included in next year’s annual report.

- Members asked about the availability of sources of capital, and in response you pointed to the urgent requirements as a result of Covid-19, and current uncertainties about plans for replacement of EU funding – the Committee would appreciate being kept informed of any changes in availability of sources of funding in future.
- The Committee welcomed the information provided by the Bank about mitigating risk associated with the increase in speed and volume of loans provided in response to the pandemic. The Committee has previously acknowledged the difficult balance to be drawn between responding quickly to the urgent need for business support at the height of the pandemic, and guarding against any possible misuse of public funds. The Committee would like to see this point about value for money from these loans addressed in detail in the Bank’s next annual report.
- Finally, the Committee asked the Bank for more information about the reasons for not pursuing refinancing of the COVID-19 Wales Business Loan scheme (CWBLS), and also wanted to know more about the Minister’s suggestion of an opportunity to refinance the Bank’s non-Covid-19 loan book, in order to free up funds for investment in recovery. In discussion in Committee you explained understandable concerns about potentially passing on CWBLS loans to “unscrupulous” owners of loan portfolios. You also noted that refinancing of loans backed by financial transaction capital from government sources would not allow any further recycling of those loan amounts. The Committee would still welcome some further clarification from the Bank about its reasons for not pursuing the idea of re-financing



loans made under the CWBLS scheme with accredited Coronavirus Business Interruption Loan Scheme lenders.

The Committee looks forward to receiving this information, and thanks you and your colleagues again for attending Committee.

Yours Sincerely,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a long horizontal flourish underneath.

Russell George MS

Chair, Economy, Infrastructure and Skills Committee



Agenda Item 3

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