

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Y Pwyllgor Menter a Busnes
Enterprise and Business Committee

Carl Sargeant AM
Minister for Local Government and Communities
Welsh Government

17 October 2012

Dear Carl

Welsh Government Draft Budget Proposals 2013-14

On behalf of the Enterprise and Business Committee I should like to thank you and your officials for attending the Enterprise and Business Committee meeting on 11 October as part of our scrutiny of the Welsh Government Draft Budget Proposals 2013-14.

Our scrutiny this year has been supported by an engagement event we held on 27 September where we spoke to a range of organisations about the **priorities they would like to see reflected in the Government's Draft Budget.**

The Committee would like to make a number of recommendations for your **considered response. We are also sending this letter to the Assembly's** Finance Committee to inform its overarching strategic scrutiny of the Draft Budget. Both our letter and your reply will be published on our website.

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Transparency in the budget

The Committee notes the improvements made in the presentation of the **Welsh Government's budget documents which mean that the information** provided to us is much clearer than last year. We welcome the fact that your paper includes details of allocations at budget expenditure line (BEL) level, which provides further clarity on your budget proposals.

We also welcome the work that has been done to re-structure budgets within your transport portfolio to align better with the priorities of the National Transport Plan. This was a concern that we raised in our budget scrutiny last year, so we note the progress achieved.

We further welcome the comment you made about being more joined up now with other Ministerial departments to maximise investment in transport projects where they impact on other policy areas.

Affordability

We note that your draft budget narrative explains that uncertainties about the financial settlement following the next Spending Review have prevented the presentation of indicative allocations beyond 2014-15.

The Welsh Government is increasingly using Regional Transport Consortia Annual Delivery Plans to implement a range of initiatives, such as the Safe Routes in Communities and Road Safety Programmes. The Active Travel (Wales) Bill white paper also envisages a central role for the Consortia in delivering the necessary walking and cycling infrastructure by creating a statutory link between the infrastructure maps proposed and Regional Transport Plan.

Given the enhanced responsibilities of Regional Transport Consortia to deliver programmes we therefore questioned the reduction in revenue for Regional Transport Plans.

1. You helpfully offered to explain in writing the accounting reasons behind the apparent decrease in the Regional Transport Plan revenue budget from £11.5 million in 2012-13 to £0.5 million in each of the next two years. We also note the reductions in capital funding for the Plans over the same period. We would be grateful if you could include in your note an assessment of the impact of this change so that we can evaluate value for money in this policy

area. We would also like to know more about your thoughts on Joint Transport Authorities as they develop.

Prioritisation

We note that your budget preparations have focused on ensuring spending plans are aligned to deliver Programme for Government priorities.

You state in your paper that the Active Travel (Wales) Bill will be introduced at the beginning of 2013. It is proposed that local authorities will have a duty to identify and map existing walking and cycling routes and to create a **fully integrated network of routes “subject to budget availability”**. You also state that you are reviewing current grants for walking and cycling to align them with the delivery of the Bill and that the costs of the Bill will be met through re-prioritising and consolidating existing active travel/walking and cycling budgets.

2. We should like you to clarify as soon as possible how you are prioritising walking and cycling, the rationale you are using to mainstream active travel into other budget areas, and how exactly the Active Travel (Wales) Bill will be funded once enacted.
3. In particular we should like to know how local authorities and Regional Transport Consortia will be funded to carry out their new duties under the Bill.
4. To help us understand whether you are meeting your objectives in delivering Programme for Government and National Transport Plan commitments, we ask that you provide a six-monthly update on delivery of each objective in June and December of each year.

Value for Money

In February 2012 we asked you which key indicators you would be using to measure the success of the new bus funding scheme once it was introduced. Your response then was it was too early to comment but that you would consider key performance indicators once discussions had advanced. We note your comments on 11 October that you have not made any firm decision yet on monitoring the impact of the new funding arrangements, and we are grateful that you shared your initial thoughts on using information from ticketing machines to generate information on services. It is, however, difficult for us to carry out effective scrutiny on this issue given that discussions are still on-going with other partners.

5. Thank you for agreeing to provide a note on changes to the bus funding system and what they mean for the customer. We should also like you to provide further clarity on how you will monitor and evaluate the impact of new bus funding arrangements on service levels, including any potential knock-on social and economic implications of the scheme.
6. We should also like you to explain how concessionary travel will be funded from 2014-15 once the current funding arrangement has expired.

Many elderly and disabled people are not able to use conventional public transport.

7. We should like to know how community transport fits into your overall transport strategy.
8. Could you also specify how the Community Transport Concessionary Fares pilot projects will be funded once the review of those projects has been completed, and the impacts of any change?
9. We should also like to know what discussions you have held with other colleagues to evaluate the impact of changes to the transport budget, including community transport, on the delivery of health policy commitments across Wales.

Budgetary processes

The Welsh Government's Strategic Equality Plan contains a commitment to "tackling barriers that prevent disabled people's access to transport and thus enabling greater participation in employment, leisure and community activities."

10. We should like you to explain how this commitment is reflected in your allocations. We also ask that you provide further detail on the issues identified in relation to transport in the Equality Impact Assessment conducted on the Draft Budget. Particularly, what steps were taken to mitigate them?

The Minister for Environment and Sustainability has stated that he is looking **at how the budget setting process is “truly driven” by sustainable** development.

11. Could you tell us whether a sustainable development appraisal was carried out as part of your budget planning process, and if so, what changes were made as a result?

Finally, **in the conversations we held with stakeholders at our “speed networking” event on 3 October it was** suggested that there needed to be more open and frank discussion and better and earlier communication of budget decisions with the voluntary sector. There was also concern expressed that despite the **Government’s three-**year funding settlement, some voluntary organisations are still being financed on an annual basis, which causes uncertainty and instability for the most vulnerable of groups.

12. Could you provide us with a response on how you propose to improve your **Department’s** budgetary processes to meet the needs of your voluntary sector partners. We would be particularly interested to know how you intend providing better and earlier communication of budget decisions.

Thank you for assisting the Committee in its work, and we look forward to receiving your response.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick', with a horizontal line underneath.

Nick Ramsay AM, Chair, Enterprise and Business Committee

c.c. Jocelyn Davies AM
Chair, Finance Committee