

Y Pwyllgor Menter a Busnes
Enterprise and Business Committee

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



Edwina Hart AM
Minister for Economy, Science and Transport
Welsh Government

23 October 2013

Dear Minister

Welsh Government Draft Budget Proposals 2014-15

I wish to thank you and your officials for attending the Enterprise and Business Committee meeting on 17 October as part of our scrutiny of the draft budget proposals 2014-15. As I mentioned during the meeting, we are grateful that the level of detail provided in your budget paper responded to the requests set out in my letters dated 5 August.

The main focus of our budget scrutiny this year has been on budget prioritisation and value for money. We have been keen to make a clear distinction between monitoring and evaluation. Our scrutiny has also concentrated on whether your policies have contributed to achieving relevant Programme for Government objectives such as creating jobs, promoting growth and tackling poverty.

We have also considered this year how preventative spending is considered in your policy development, that is, spending that focuses on preventing problems and easing future demand on services through early intervention.

The Committee has set out a number of recommendations for your considered response. We are also sending this letter to the Chair of the Finance Committee to inform that Committee's overarching strategic scrutiny of the draft budget. Both this letter and your response will be published on our website.

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1. Economy, Science and Tourism

Value for money – progress against Programme for Government and departmental performance

Our scrutiny aimed to explore whether the Welsh Government is spending its allocations efficiently and effectively - that is, whether your departments are securing the best outcomes for the resources and other inputs employed.

You kindly offered to provide us with six-monthly updates on progress against your Programme for Government commitments.

Recommendation 1

We welcome your offer to provide six-monthly updates on progress against your Programme for Government commitments. We should be grateful if those updates could include information on the number of jobs created, safeguarded and assisted by the department, as well as information on the number of inward investment jobs actually delivered by the department (as opposed to the wider UK Trade & Investment figures based on announcements).

The Committee is very keen to carry out more financial scrutiny next year, particularly to look in detail at the outputs achieved against expenditure during 2012-13 and to track the on-going performance of your department. We therefore suggest linking this from now on with your six-monthly updates.

Recommendation 2

As part of your six-monthly update, we should be grateful if you could provide a table that sets out the outputs achieved by each individual programme/area of activity along with information, where possible, on the associated expenditure. We would also be grateful if you could include this information in your six-monthly transport updates, and for the first update to be provided in February 2014 to enable us to carry out in-year scrutiny of the supplementary budget.

Value for money – evaluation of programmes

We welcome the comment from your officials that your department evaluates all of its programmes and accounts for any deadweight and displacement.

Recommendation 3

We should be grateful if you could provide us with a list of the programmes that have been evaluated and the dates of the evaluation reports.

Value for money – Enterprise Zones

We look forward to seeing the performance data for Enterprise Zones that will be published before the end of the year and we are pleased that you confirmed that this will include specific, measurable and timed targets for 2014-15.

Prioritisation – financial support for business

Our scrutiny of prioritisation within your portfolio centred on whether the division of budget allocations between different programmes is justifiable and coherent.

During our discussion on financial transactions funding, we heard that you were waiting for further detail from HM Treasury as to the timescale for the proportion (80 per cent) of the funding that will have to be repaid, and on what terms, to the Exchequer.

Recommendation 4

We would be grateful if you could provide us with a further note on financial transactions funding once you have received confirmation from HM Treasury.

We also discussed the balance between traditional grant support and repayable loans although we would welcome greater clarify on this point.

Recommendation 5

We would welcome a note clarifying the exact amounts your department allocates to both grants and loans, and also how the outputs and effectiveness of each are monitored and evaluated.

Budgetary processes – sectors policy

We discussed how you assess the equality impacts of your decisions and whether you include sustainable development assessments as part of your budget processes. We appreciate the frank response you gave us that this is

often difficult to achieve, but that you consider equality and sustainable development as part of your regular quarterly reviews.

In particular, we very much welcome your offer to provide a note on how you have considered the equality impacts of the sectors policy, particularly with respect to the gender imbalances within the priority sectors.

Recommendation 6

You kindly offered to give further consideration to the improvements that could be made by your department in carrying out Equality Impact Assessments. We should be grateful if you could provide a note on your **department's approach to assessing the equality and sustainable** development impacts of its actions.

2. Transport

Affordability - revenue funding

We are concerned about the impact of the reduction of revenue funding in the transport budget on your department's ability to meet its statutory and contractual obligations and to preserve/enhance essential public transport services.

Recommendation 7

We would be grateful to receive as soon as possible an update on progress to address the reduction on revenue funding in addition to the information provided following the next supplementary budget.

Prioritisation - Active Travel Bill

Regarding our discussion on the delivery of the Active Travel (Wales) Bill, we would welcome further clarity on the cost estimates on which the budget allocation for delivering the Bill are based, and how delivery of the Bill will be coordinated with the Department for Culture and Sport. We understand that the Finance Minister has stated that where the delivery of legislation results in higher than expected costs, the relevant Minister will be expected to find the additional funding from within his or her portfolio.

Recommendations 8, 9 and 10

We should like you to clarify which aspects of the Active Travel Bill are the responsibility of the Minister for Culture and Sport and which

aspects are the responsibility of the Minister for Economy, Science and Transport, and the budget allocated in both portfolios.

We would like further clarification on who is responsible for the development and delivery of the Active Travel Plan which accompanies infrastructure interventions, as **referred to in the Active Travel Bill's** explanatory memorandum. Please could you also clarify whether any provision has been made for the development and delivery of the Plan in your draft budget.

You also offered to provide us with information on how capital allocations for sustainable travel relate to the delivery of the Active Travel Bill.

Value for money – bus services

Regarding the funding of bus services, particularly the Regional Transport Services Grant, we understand that you plan to evaluate the effectiveness and impact of the new funding arrangements. We welcome your offer to talk to the Committee about your future plans. In the meantime we would appreciate clarification on the funding for Community Transport and on the Regional Bus and Community Transport Network Strategies.

Recommendations 11 and 12

Please could you clarify the status of the Regional Bus and Community Transport Network Strategies currently being developed by the Regional Transport Consortia given the wider review of regional transport planning and provision of bus services that you referred to in your oral evidence.

Please could you clarify whether the “effective doubling” of the funding for Community Transport, which you referred to, includes funding previously allocated for the Community Transport Concessionary Fares Initiative.

Value for money – National and Regional Transport Planning

In your evidence you referred to the “shortfall in the current arrangements” to evaluate the cumulative and longer-term effects of the National Transport plan, as opposed to the evaluation of individual schemes. We would

appreciate more information on this issue, including the affordability of current capital commitments.

Recommendations 13 and 14

Could you explain how you will address what you describe as the shortfall in arrangements to evaluate the National Transport Plan, including the timeframe for this work and how evaluation, as opposed to monitoring alone, will be built into the next National Transport Plan from the development stage.

You said that the timeframes for the four-stage process for developing the next Regional Transport Plans outlined in the paper to Cabinet on 19 February 2013 had not changed. Could you provide assurance that plans will be in place by 1 April 2015, and update us on the outcomes from Stage One of the process.

Value for money - Metro

We welcome your offer talk to the committee about the proposals for a Metro for the Cardiff region, and as you will be aware, we have a session planned for 5 December to talk about the issues in detail. In the meantime we would appreciate more information on progress made on the costed delivery plans, which you confirmed would be produced.

Recommendation 15

We should like to know when you will be in a position to provide the costed delivery plans for both the South East Wales Metro and the North East Wales Integrated Transport Interventions.

Thank you for assisting the Committee in our scrutiny work. We look forward to receiving your response to the points raised in this letter.

Yours sincerely

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

Nick Ramsay AM, Chair, Enterprise and Business Committee

cc Jocelyn Davies AM, Chair, Finance Committee