

Ken Skates AM
Cabinet Secretary for Economy and Transport

18 January 2018

Welsh Government Draft Budget 2018–19 and the Economic Action Plan

Dear Cabinet Secretary,

Thank you for attending the Economy, Infrastructure and Skills Committee meeting on Wednesday 17 January 2018 as part of our scrutiny of the Draft Budget 2018–19 and the Economic Action Plan.

During the meeting you agreed to provide the following information in response to issues raised by the Committee:

- In relation to the Welsh Government procuring a 3% stake in the sports car maker TVR, whether there will be a Welsh Government observer on the board of TVR, and details of who provided independent advice to the Welsh Government as part of due diligence process in obtaining the equity stake;
- The timescales for the development of the enabling plans for each of the four foundational sectors, which you agreed to send to the Committee when they are available;
- Details of which of the existing 48 Advisory Boards will remain and which will be disbanded as a consequence of the establishment of the new Ministerial Advisory Board, and details of the membership of that Board;



- Details of the Welsh Government's position on Community Transport permitting in the light of changes proposed by the UK Government, including details of the work the Welsh Government is doing with the sector to help them manage the impact of changes;
- Details of the outcome of the negotiations with the UK Government on the devolution of franchising powers, the transfer of ownership of the valleys lines and future funding, once discussions conclude in February. We would be grateful if you could include a summary of agreed working arrangements between the Welsh and UK Governments for the future management and operation of the franchise;
- A comparison of benefit cost ratios for investment in different types of transport projects, including active travel, and how they compare to that for the M4 relief road.

Additionally, due to time constraints there were a number of issues which Members were unable to raise with you during the meeting. The Committee would be grateful if you could also provide a response to these in writing:

- Details of the steps you are taking to mitigate the financial risks associated with the transfer of the Core Valley Lines – particularly the risk of latent defects potentially leading to significant financial liabilities;
- Details of why section 2 of the A465 dualling programme is currently projected to be delivered 23% over the approved budget;
- Details of using the new Mutual Investment Model of project funding to deliver section 2 of the A465 project, including what the benefits of this approach are, and how its effectiveness be evaluated;
- In the context of the M4 relief road project, details of the Welsh Government's assessment of what constitutes high, medium and low value for money in terms of Benefit Cost Ratios, including the basis / authority for this;
- Details of how the decision to undertake additional work around Newport Docks has affected the Benefit Cost Ratio for the M4 relief road, including the



BCR pre and post the decision, and an explanation of how both the increase in cost and the delay have affected the BCR.

Members also raised a number of issues with you regarding areas of on-going and future work. As such the Committee would be grateful to receive, at the earliest opportunity:

- Details of the timescale for the development of the regional business plans referred to on page 23 of the Economic Action Plan;
- Full details of the specific funds that are to be consolidated into the Economy Futures Fund, both initially at the point of launching the Fund and those that are intended to be 'transitioned' into the Fund in the longer term, (including the amounts of money involved).

Best wishes,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a large, looping initial "R". Below the name, there is a long, horizontal flourish line.

Russell George

Chair of the Economy, Infrastructure and Skills Committee

