

# Memorandum on the Economy and Transport Draft Budget Proposals for 2020-21

## Climate Change, Environment and Rural Affairs Committee – 16 January 2019

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### 1.0 Introduction

This paper provides information on the Economy and Transport (E&T) portfolio proposals as outlined in the 2020-21 Draft Budget published on 16 December 2019, as far as they relate to the remit of the Climate Change, Environment and Rural Affairs Committee.

### 2.0 Strategic Context

The 2020-21 spending plan has been prepared to support delivery of our strategic objectives of a more prosperous, greener and more equal Wales. It supports programmes, actions and interventions designed to raise levels of wealth and well-being, whilst reducing inequalities in both.

Aligned to [Prosperity for All: Economic Action Plan](#), the 2020-21 plan sets our policy, delivery and behavioural changes to support and reflect our well-being objectives. The Economic Action Plan is cross-collaborative and structured around seven of the twelve well-being objectives, one of which is to drive sustainable growth and combat climate change. This recognises that a growing sustainable and inclusive economy is essential for a more prosperous, healthier, resilient and more equal Wales. The Plan delivers a major policy shift across delivery areas to the low-carbon agenda, to encourage decarbonisation and support businesses to improve their resource efficiency.

The economic contract requires businesses seeking Welsh Government investment to commit to reducing their carbon footprint, alongside inclusive growth, fair work and promoting health and learning in the work place.

The Economic Action Plan also sets out how we will establish a partnership between the public and private sector to ensure users, developers and manufacturers of automated and electric vehicles are able to realise benefits from these transformative technologies, reducing carbon emissions and securing an economic dividend for Wales in the automotive revolution.

Brexit and the risks it poses to business and the economy has been an ever-present consideration as part of our budget planning. As a responsible Government, we have taken the principle of sustainability into account in our spending plans. The Development Bank of Wales capital funds of £47m and total funding of £71.488m for inclusive growth and future proofing the Welsh economy help us to mitigate, as far as is possible, the challenges posed by any Brexit outcome and by a potential 'no deal' outcome in particular.

[Prosperity for All: A Low Carbon Wales](#) was published in March and contains 100 policies and proposals that will deliver the first carbon budget 2016-2020

and 2020 interim target. These policies will either directly reduce emissions or contribute to the transition to a low carbon economy that will allow us to meet our legislative targets and enter us onto our emission reduction pathway. The National Assembly is the first Parliament in the world to declare a climate emergency and following the declaration we have accepted the advice of the UK Committee on Climate Change to increase Wales's 2050 emissions reduction target to 95% and will ask the National Assembly to put this into law next year. We have also announced our ambition to work with UKCCC and other stakeholders to develop a more ambitious net zero target.

The decarbonisation of transport presents both serious challenge and major opportunities. The continued investment to address the issues will contribute to the well-being goals of a prosperous, low carbon Wales, a healthy Wales, a globally responsible Wales and our well-being objective of connecting communities. Reducing emissions by modal shift in travel will contribute to achieving our Net Zero by 2050 ambition and reduce air pollution and also contribute to our well-being objective of connecting communities, supporting people and business and tackling regional inequality.

The [National Transport Finance Plan 2018 Update](#) assesses the delivery of key commitments supported by £1.5 billion over 2018-19 and 2019-20. It outlines the significant investment to address the ambitious targets: the rail franchise including investment totalling almost £5bn over the next 15 years to transform rail services across Wales, major legislative reform of the public transport network and the development of integrated, multi-modal transport system across Wales.

The Wales Transport Strategy (WTS) [One Wales: Connecting the Nation](#) currently sets out our strategic priorities and desired outcomes, providing a link to the wider priorities as well as plans at the local authority level. The new transport strategy which is scheduled for publication in December 2020, will include a key focus on moving to lower carbon modes of transport to meet both our decarbonisation targets and reduce the growing number of Air Quality Management Areas which have a strong link to transport related emissions.

Covering all modes of transport, the WTS will be set in the context of the Well-being of Future Generations Act 2015, Prosperity for All: the National Strategy and the Economic Action Plan. To help deliver the vision it will embed the sustainable transport into decision making, transport appraisal (via a review of our Welsh Transport Appraisal Guidance) and investment decisions in order to get more people travelling in ways prioritise walking, cycling and public transport Ultra Low Emission Vehicles also have an important role to play in the decarbonisation of Transport, particularly in rural areas with limited public transport services.

The long-term challenge of decarbonisation requires us to focus on our future skills needs to ensure we transition our workforce and maximise the opportunities presented by global clean growth. The skills and training needs for a low carbon economy may need us to focus on the upskilling and reskilling of

people around new technologies, industries, trades and approaches. Employability and skills is also a key cross cutting theme in Prosperity for All.

### 3.0 Overview of the Budget

The 2020-21 Draft Budget provides a one year spending plan for both revenue and capital. The table below provides an overview of the planned revenue and capital expenditure for the E&T portfolio.

Summary	2019-20 First Supplementary Budget £'000	Baseline Adjustments £'000	Resource Baseline/ 2020-21 Capital Plans as at 2019- 20 Final Budget £'000	Changes £'000	2020-21 Draft Budget New Plans £'000
Resource	709,770	(7,391)	702,379	30,081	732,460
Capital	581,167	-	609,004	176,722	785,726
<b>TOTAL</b>	<b>1,290,937</b>	<b>(7,391)</b>	<b>1,311,383</b>	<b>206,803</b>	<b>1,518,186</b>
Resource AME	62,437	-	62,437	(32,912)	29,525
<b>TOTAL AME</b>	<b>62,437</b>	<b>-</b>	<b>62,437</b>	<b>(32,912)</b>	<b>29,525</b>
<b>OVERALL TOTAL</b>	<b>1,353,374</b>	<b>(7,391)</b>	<b>1,373,820</b>	<b>173,891</b>	<b>1,547,711</b>

The spending plans for 2020-21 make investments in low carbon programmes and ensure that we are incorporating decarbonisation in long term infrastructure developments. We are also involving people in future decision making to inform our priorities.

Capital investment on infrastructure and preventative measures plays a significant role in meeting the carbon reductions needed.

### 3.1 Revenue

The most effective way of reducing transport carbon emissions will be to replace car journeys with those using the existing public transport system and active travel. The majority of Transport expenditure for programmes and policies may be attributed to primary preventative spend which promotes sustainable modes of transport and thus reducing environmental impacts and increasing activity levels which supports health outcomes. Revenue spend on public transport and sustainable travel accounts for 75% of the total transport revenue budget (excluding non-cash). This is made up of 18% for Active Travel Action and 57% Rail support.

The South and North Wales Metro integrated transport proposals have the potential for transformational change in terms of both decarbonisation and economic benefit. In 2020-21 revenue funding of £185.4m (36% of the budget,

excluding non-cash) is provided for the rail franchise and services improvements, which includes an additional allocation of £15m as part of this draft budget. The new rail contract reflects our commitment to carbon reduction in promoting a modal shift.

In progressing the commitments in *Prosperity for All*, I have prioritised investment in bus services to encourage a modal shift from car to public transport. The plans provide £94m for bus travel (revenue and capital) for the bus support grant, concessionary fares and the youth discounted travel scheme. Affordable travel is important in delivering our cross cutting priorities and vital for social cohesion.

Our plans recognise the importance of working with businesses to promote decarbonisation and reducing carbon footprints. The Business Wales budget of £5.6m revenue supports responsible business practice and provides resource efficiency advice to entrepreneurs and businesses through Business Wales, as well as advice on environmental action planning, workshops and networking activities. A sketchbook and interactive tool have been developed to further promote the carbon agenda.

Business Wales also supports the Green Growth Pledge for businesses to demonstrate their positive impact on the people and places around them and join a growing community of forward-thinking organisations. The Green Growth Pledge is part of the specialist sustainability support and is open to all Welsh SMEs regardless of their industry sector. By signing up to the pledge, each company is asked to make a commitment to one or more actions to help them reduce impact or ensure sustainable performance.

The Business & Regional Economic Development budget of £6.8m helps drive sustainable growth and combat climate change. The transition to a low carbon economy presents unique challenges and opportunities for renewable energy. In terms of the way we produce energy, we need to ensure that the infrastructure we invest in helps to generate low carbon energy, improves transmission and distribution and ensures we are fit for the future, enabling smart technologies and meters to provide flexible solutions.

Our [Employability Delivery Plan](#) for Wales will reshape employability support both for people who are job-ready and those who are furthest from the labour market. Working, whether paid or unpaid, is good for our health and wellbeing.

In May 2019 we launched [Working Wales](#) which strengthens the accessibility for individuals to obtain professional advice and support and referral to job opportunities. Our interventions also aim to maximise the employment opportunities in moving towards a low carbon economy both in terms of high skills and as an entry point into the jobs market. Careers Wales, who deliver the Working Wales advice service have committed to supporting the Welsh Government's agenda for sustainable development and the environment.

In the delivery of our new employability programme, *Job Support Wales*, which is scheduled to commence delivery in April 2020, contractors must be aware of

(and are encouraged to consider adopting) the Eco-Code Action Plan Toolkit to further support existing actions in protecting the environment

Employability programmes will contribute to the development of a sustainable workforce for the waste management and recycling industry. Assisting in filling key job roles in the collection, transfer, treatment and final disposal of waste and resources. It will also focus on jobs that support clean energy production techniques within a range of different industry sectors.

We continue to fund the [Forestry Apprenticeship Pilot Project](#) which aims to use forestry management skills to develop and adapt forestry practices in order to help reduce the impact of climate change and increase in skills to drive sustainable timber resources.

### **3.2 Capital**

The additional investment in 2020-21 confirms the Welsh Government's commitment to using the available capital levers to support a greener Wales, responding to the climate emergency and delivering *A Low Carbon Wales*.

#### **Electric Vehicle Transformation – £29m (£21.5m Core and £7.5m FT Capital)**

Targeted investment in electric vehicle charging infrastructure aims to transition to a zero emission public transport fleet by 2028 and intervene where there is no commercial investment. This offers additional benefits to private sector investment. Supporting low carbon public transport travel has an important contribution to make in lowering carbon emissions, improving air quality and fits with our approach to transport decarbonisation being accessible to all, not just those who can afford an electric car.

The Department of Transport launched £48m for a grant scheme to promote greener public transport across England and Wales Following trials last year, operators in Cardiff, Newport and Caerphilly have been awarded £8.5m worth of UK Government funding for electric buses. Cardiff Bus will have a fleet of 36 buses, Newport Bus have ordered 15, the first of which entered service in July 2019, while Stagecoach in South Wales will have 16 for its Caerphilly depot. The operation of these buses will offer useful insights into practical delivery issues and public perceptions as well as reducing air pollution.

#### **Roads Resilience - £25m**

The reliability of public transport is key to encouraging people to switch to more sustainable modes. Bus travel can only compete with car journeys where there is investment in high quality bus corridors with dedicated bus lanes and filters, good shelters and real-time information provision. At the start and end of every public transport journey is an active travel element: the walk or cycle ride to the stop or station and from it to the final destination. Therefore, seamless integration between active travel and public transport allows people to complete their whole journey quickly, safely and conveniently.

Disruption to public transport caused by severe weather events, which are becoming more and more frequent, places a burden on individuals' lives, on businesses, public services and the wider economy. The additional funding will support highway improvements at locations on core bus networks and strategic highways that are at risk from flooding and other climate change impacts. In addition, it will also target walking and cycling infrastructure that is at risk from severe weather events.

### **North Wales Metro - £20m**

The North Wales Metro is a priority identified in *Prosperity for All* as a key contributor to delivering modern and connected infrastructure. The projects will facilitate modal shift from the private car, and deliver our objectives of improving air quality and reducing carbon emissions. The vision [Moving North Wales Forward](#) highlighted investment in all travel modes to achieve sustainability and climate change objectives and delivering economic growth across North Wales, connecting people to jobs and services and businesses to markets.

The investment will deliver:

- Active travel routes such as in the Deeside industrial area where we will connect all businesses to active travel routes within the Park and to the wider network across Deeside and into Chester and the Wirral. The routes constructed recently are very popular, not just with commuters but with families and other leisure users too. There are already around 10,000 cycle trips per month through the Park demonstrating what can be achieved through investing in high quality, connected facilities.
- Transforming public transport by investing in new buses to the latest environmental standards, developing park and ride site to reduce travelling by car.
- Additional train services and new stations and improving access to the strategic rail network for residents and businesses.
- Highway improvements to tackle congestion, improve air quality and improve opportunities for walking, cycling and bus travel as well as addressing safety on local roads.

### **Rail Investment - £391.7m**

Rail investment is a priority in the plans. In addition to the revenue funding of £185.4m for the rail franchise the capital budget for rail investment is £206.3m including the North Wales Metro. Our ambition for transformational change in public transport will see passengers travel on greener, state of the art trains which utilise next generation digital connectivity. Low emission vehicles are a priority to achieve our aim for a zero emission public transport fleet by 2028.

Our approach to increasing the modal shift to public transport from private vehicle use, which will be facilitated by the new rail service, will play a large role in minimising the effect of greenhouse gas equivalent emissions and mitigating against the impacts of climate change. Ambitious carbon reduction targets will help to improve air quality, whilst modernising facilities at stations will encourage active travel choices.

### **Aviation - £12.405m**

We have provided £12.405m (capital and revenue funding) for Aviation – this includes an additional allocation of £4.8m FT capital which will support Cardiff Airport's ongoing operations and allow for critical infrastructure improvements to be made.

Cardiff Airport, which under the ownership of Welsh Government, promotes carbon reduction through operational measures designed to minimise fuel burn on descent and take-off and in taxi movements around the airfield. In addition, there are environmental benefits from facilitating people to fly from their local airport rather than traveling further for the same flight.

### **Motorway and Trunk Road Operations - £152.6m**

The investment in maintaining and operating the roads network is vital to deliver services that maintain and operate the motorway and trunk road network, providing a steady state, safe network that allows goods and people to move across Wales. The additional funding of £15m in 2020-21 will help us to meet our statutory responsibilities. A further £149m supports the development of national transport infrastructure.

We are actively working on areas to reduce emissions at key locations across the trunk road network that have been highlighted as potentially exceeding EU tolerances as well as applying the fundamentals across the network. This includes a package of interventions but linked to the core requirement that reliable network and reliable journey times allow an informed choice, allowing road users to alter journey time patterns.

We engage with stakeholders to understand how we can maximise community benefits and encourage our Trunk Road Agents to commit to social responsibility in delivering our responsibilities.

We seek to ensure that our interventions are designed to minimise construction carbon and vehicle emissions in accordance with the Welsh Government's policies for climate change and reduction of greenhouse gas emissions as confirmed by Part 2 of the Environment (Wales) Act 2016. As such, we promote the use of innovative and best practice construction methods, reducing waste, reusing materials on-site and aim to help roll out infrastructure to support the delivery of electric vehicles and CAVs as well as scrutinising our own fleet to ensure, where possible, the most environmentally friendly solution is adopted (such as the Latest Euro standard for HGVs and even trialling PHEV Traffic Officer vehicles).

### **Commercial Property Development Fund - £14m**

The additional funding will meet the regional need identified in the Property Development Plan to provide approximately 150,000 sq ft of high quality, modern employment floor space capable of supporting indigenous and inward investment.

The focus of this additional funding is the refurbishment of existing building stock, which will have a net positive impact on biodiversity compared with equivalent new build projects on undeveloped land, which inevitably results in the need for additional mitigation to offset any unavoidable habitat consequences from green field development.

### **Economic Action Plan – Business and Regional Economic Development - £25.9m**

Decarbonisation and climate change are key pillars of the Economic Action plan, supporting the creation of well paid, fair work and sustainable jobs all across Wales. An additional allocation of £25.9m, including £5m FT capital for the Repayable Fund for SMEs, has been provided for the Economy Futures Fund. We expect all requests for funding to meet at least one of five “Calls to Action” which include one relating to Decarbonisation.

The Economy Futures Fund consolidates a number of existing business finance schemes, including the Environmental Protection Scheme. From the launch of the Economy Futures Fund to date there have been three offers of support totalling c£13m accepting decarbonisation as the primary Call to Action. Many investments will also contribute to decarbonisation as sustainability is a central consideration for all funding.

### **Tech Valleys - £10m**

Tech Valleys aspires to future-proof the economy by capitalising on the opportunities arising from the fourth industrial revolution, by encouraging the adoption of emerging digital technologies that support cutting edge industries, including the automotive sector. The allocation of £10m (revenue and capital) in 2020-21 will contribute to delivering regional economic development, creating industries of the future underpinned by the spirit of the Economic Contract. This forms part of a £100m commitment over 10 years, to create at least 1,500 sustainable jobs closer to home across Tech Valleys, with the primary focus being Ebbw Vale and the wider Blaenau Gwent area.

### **Valleys Taskforce - £19.5m**

[Our Valleys Our Future](#) is supported with £32m capital funding for financial years 2019-20 and 2020-21, including £7m for the Valleys Regional Parks. This initiative is already bringing partners from across the valleys together as a forum to enable and deliver significant social, economic and environmental benefits. This will including provision of accessible high-quality green space for improved



health and wellbeing, support of climate change adaptation by maximising the role of green infrastructure and improving biodiversity and habitat connectivity.

The cross cutting delivery is focussed around seven priorities which also includes including transport, housing and the foundational economy. An update on the delivery is provided in [Our Valleys Our Future Progress Update 2018-2019](#).

#### **4.0 Climate Emergency**

The climate emergency declaration sends a clear signal the Welsh Government will not allow the process of leaving the EU to distract us from the challenge of climate change, which threatens our health, economy, infrastructure and our natural environment.

*A Low Carbon Wales* importantly shows where action needs to happen across all emissions sectors and enabling actions. The transition to a low carbon economy brings opportunities around clean growth, quality jobs and global market advantages, as well as wider benefits such as better places to live and work, clean air and water, and better health.

The updated Transport Strategy (scheduled for publication in December 2020) which will include a key focus on moving to lower carbon modes of transport to meet both our decarbonisation targets and reduce the growing number of Air Quality Management Areas which have a strong link to transport related emissions. As part of this draft budget we have provided additional funding – some examples are outlined in section 4 above and include support for Low Emission Vehicles, Resilient Sustainable Travel, the North Wales Metro and the Rail Franchise.

Walking and cycling will be common for more people, improving the health and safety of the nation. We aim for public transport to be clean and efficient, stimulating local industries. As such we have provided a total of £219m in Sustainable Travel as part of this draft budget.

Additional funding of £18.4m FT capital for Tirion Homes supports residential developments, two of which are brownfield sites. Extensive remediation works have been carried out, including the removal of hydrocarbons, asbestos and knotweed. Three pilot zero carbon units will be delivered at The Mill, Cardiff and 225 zero carbon units at Parc Eirin. These new Energy Positive homes have the potential to be a net exporter of electricity. As a result, the homes will achieve near zero carbon emissions during their operational lifetime. Parc Eirin will be the largest energy positive housing project in the UK and the data gathered as part of the project will prove to long-term investors that zero-carbon technology can be supported with private finance.

The main pillars of the Economic Action Plan are decarbonisation and climate change, supporting the creation of well-paid sustainable jobs all across Wales. We have invested an additional £25.862m for the Economy Futures Fund and Repayable Fund for SMEs. We expect all requests for funding to meet at least

one of five “Calls to Action” which include one relating to decarbonisation. Currently there are funding options to support small and larger companies (via Carbon Trust and Environmental Protection Scheme) while medium sized companies do not have access to energy efficiency support.

## 5.0 Preventative Spend

The majority of Transport expenditure for programmes and policies may be attributed to preventative spend. Active travel in terms of promoting sustainable modes of transport and thus reducing environmental impacts and increasing activity levels which support health outcomes. Concessionary bus travel is particularly important in rural areas and vital for social cohesion and well-being.

Transformational change will be achieved with the integrated transport schemes. The South Wales Metro is an integral part of the Cardiff Capital Region City Deal this will be the catalyst for the broader regeneration, helping to shape the regional economic and social infrastructure, social mobility and equality of opportunity for some of our most deprived areas. In delivering better outcomes preventative spending measures are therefore important for the long-term.

Our investment in road safety, road maintenance and improvements in network management helps to prevent more significant issues and accidents over the longer term. Our Road Safety Framework for Wales sets out a targeted approach to providing funding for road safety initiatives and investment across Wales and funding is streamlined to help achieve challenging targets for casualty reduction. It is designed to reduce and as far as possible prevent the huge economic and social burden that each casualty brings with it.

Capital schemes that target routes or communities where there is evidence of road traffic collisions resulting in killed and severely injured casualties, or where significant numbers of slight injury collisions have occurred are prioritised. Works can include improved junctions, pedestrian and cycling crossing points and foot/cycleways, high friction surfacing, signal controls, improved signage and the installation of speed cameras.

Revenue initiatives are funded where they target particularly high risk and vulnerable groups and include cycle training, child pedestrian training, motorcycle training and education, older driver training and driver training for young people.

Our Employability Delivery Plan for Wales will reshape employability support both for people who are job-ready and those who are furthest from the labour market. Our aim is to give people the opportunity to get the skills and experience they need to access and keep decent jobs. Skills levels, and particularly higher skills, are also important for driving productivity. Overall levels of qualifications held by working age adults in Wales have been rising, as shown in the national well-being indicators. In May 2019 we launched *Working Wales* which strengthens the accessibility for individuals to obtain professional advice and support and referral to job opportunities. Our interventions also aim to maximise

the employment opportunities in moving towards a low carbon economy both in terms of high skills and as an entry point into the jobs market.

## 6.0 Evidence Based Policy Making

Evidence from a wide range of sources such as published research, engagement with stakeholders, previous policy evaluations and statistics underpins our financial decisions. Organisations such as the Wales Centre for Public Policy based at Cardiff University is funded by the Economic and Social Research Council and the Welsh Government. The Centre collaborates with leading policy experts to provide Welsh Ministers and officials with high-quality evidence and independent advice to improve policy decisions and outcomes.

The Centre and its predecessor, the Public Policy Institute for Wales (PPIW) have published several reports relating to the Economy and Transport portfolio including [Air Quality Strategies and Technologies](#) and [Rural Poverty in Wales](#).

The Economic Intelligence Wales (EIW) was established from a collaboration between the Development Bank of Wales, Cardiff Business School and the Office for National Statistics to provide a unique resource for Wales. EIW will provide the evidence base for policy decisions, enabling the Welsh Government, Business Wales and DBW to challenge and adapt the support offered to Welsh SMEs.

The evidence and scope of the appraisal undertaken during policy and programme development are assessed on the basis of risk, size and scale, existing evidence base and other factors. Feasibility studies are undertaken prior to the commencement of key projects to assess suitability in delivering against our goals, whilst gateway reviews for large projects are completed to challenge all aspects of a business case including the essential value for money assessment. Whilst the reviews are project specific, they help to build up a useful source of information for considering other projects. Internal and external audit reports can be helpful in a similar way.

We fund the Wales Social Partners Unit, through a competitive tender process, to deliver engagement services between Social Partners and the Welsh Government in Wales. This helps ensure that the views of some of our key stakeholders are embedded into policy development and delivery.

We have simplified and streamlined the advisory architecture, replacing a range of advisory bodies with a single Ministerial Advisory Board that provides regular, creative and high-quality advice to me to help improve economic development in Wales in line with the priorities and vision set out in the EAP.

From a transport perspective, we fund Bus Users Cymru to represent passengers' interests and to input to policy development. This includes contributions to policy consultations, monitoring of bus services, dealing with complaints and holding bus surgeries throughout Wales. We also fund the Community Transport Association to help develop and implement community

transport solutions where conventional bus solutions may be unnecessary or too inflexible to accommodate passengers' requirements.

The Welsh Government continues to financially support the work of the Traffic Commissioner for Wales in regulating the freight and bus passenger networks in Wales, and in promoting standards among both sectors that will help to prevent the need for his intervention. We are providing dedicated office premises in Cardiff to enable the Commissioner to work in and for Wales, facilities that will be extended to north Wales in due course, and then to the new Transport for Wales (TfW) premises in Pontypridd.

We have created the cutting-edge South East Wales multi-modal transport model. This allows new policies, such as 20mph speed limits, and transport schemes, such as the Metro, to be tested and refined in order to maximise value for money and optimise their potential impact. We have now commissioned through Transport for Wales, the creation of equivalent models for the South West and Mid-Wales region, as well as for North Wales, to inform transport and infrastructure decisions in these regions.

We have taken steps to continuously improve and update the data feeding into these models, including mobile phone data that provides comprehensive information on travel patterns, as well as the broader evidence base for transport policy appraisal including the procurement of new datasets.

In addition to this, we have developed proposals for funding for academic research into various areas of transport, and its links with the well-being of future generations, thereby equipping us with the evidence we need to inform decisions on policies and interventions that will deliver our priorities.

Finally, we have established a steering group to document, streamline and improve the way we monitor and evaluate the transport schemes that we fund. This draws on expertise from across Welsh Government and TfW, ensuring that we can fully reap the benefits of monitoring and evaluation. This will help us to learn from the effectiveness of interventions, and inform future decision making.

## **7.0 Well-Being of Future Generations Act**

The Economic Action Plan (EAP) is cross-collaborative and structured around seven of the twelve well-being objectives:

- Support people and businesses to drive prosperity.
- Tackle regional inequality and promote fair work.
- Drive sustainable growth and combat climate change.
- Build ambition and encourage learning for life.
- Equip everyone with the right skills for a changing world.
- Deliver modern and connected infrastructure.
- Promote and protect Wales's place in the world.

It also embeds the five ways of working. The calls to action and the economic contract challenge Government and businesses to look at future investment

through the contribution they will make to innovation and entrepreneurship, research and development and automation, exports and trade, high-quality employment and skills, and decarbonisation. These are some of the key strategic challenges we have to address if we are to secure growth not just today, but growth that is futureproofed to maximise opportunities in the long term. Taken together, the economic contract and calls to action promote public investment with a social purpose - driving wealth and well-being and reducing inequality. There is evidence that well paid work is the best route out of poverty and the greatest protection against poverty for those at risk. We continue to create opportunities for individuals and families with initiatives and targeted investment across Wales. The socio-economic duty is integral to delivering our ambitions.

In the case of Transport for example, the NTFP has been informed by a number of impact assessments which are available [here](#). The Plan sets out our investment programme over the coming years. The Equality Impact Assessment concluded that there are no negative impacts on protected groups and that public transport and active travel schemes included in the Plan will assist in reducing any disadvantage experienced by these groups.

Before investments are made on the interventions identified in the NTFP, schemes are taken through the WeITAG process which identifies the issues and possible solutions that could address these. The solutions are then assessed against the Wellbeing goals before a preferred solution is selected.

## **8.0 Equality, Welsh Language & Children's Rights Assessment**

In formulating our plans, the following key demographic trends from the recent report, produced by the Office for National Statistics (ONS), on [national population projections 2018](#) have been considered which suggest that:

- The population of Wales is projected to increase by 0.6% to 3.16 million by 2028, but decrease by 0.9% to 3.11 million by 2043. This is the first time a longer-term population decrease has been projected for Wales in recent times.
- The number of children aged under 16 is projected to decrease by 6.8% to 524,300 between 2018 and 2028.
- The number of people aged 16-64 is projected to decrease by 1.7% to 1,890,400 between 2018 and 2028.
- The number of people aged 65 and over and 75 and over is projected to increase by 13.8% to 742,200 and by 29.0% to 377,300 respectively between 2018 and 2028.

According to the [Relative Income Poverty](#) for year ended 2018:

- 24% of all people in Wales were living in relative income poverty between 2015-16 and 2017-18. This figure has remained relatively stable (between 22 and 24%) for the past 15 time periods. At 24%, the figure is the same as last year's.

- Children were the age group most likely to be in relative income poverty between 2015-16 and 2017-18 (at 29%) and this has been true for some time. This is an increase from the 28% reported last year and is only the third time this figure has been below 30% since the period ending 2005-06.
- 23% of working-age adults were in relative income poverty between 2015-16 and 2017-18. This is down from the 24% reported last year. The figure has been around 21 to 23% for most of the time periods since the late 1990s.
- 19% of pensioners in Wales were living in relative income poverty between 2015-16 and 2017-18. This represents a drop from the 20% reported last year and it remains below what it was throughout the mid to late 1990s.
- Living in a workless household increased the chances of being in relative income poverty for working-age adults and children.
- Children living in lone parent families were more likely to be in relative income poverty than those living in households with a couple.
- People who were living in households where the head of the household was from a non-white ethnic group were more likely to be in relative income poverty compared with those where the head of the household was from a white ethnic group.
- Living in a household where there was someone with a disability increased the likelihood of living in relative income poverty for working-age adults and children but not for pensioners.

Women, children, older people and people from lower income households all rely on public transport and particular buses, for their daily journeys to a high degree. Investment in high quality, reliable bus corridors therefore addresses the imbalance in transport investment, which historically favoured road and rail, modes that are disproportionately used by higher income adult males.

Women and older people are currently underrepresented among those using cycling as a mode of travel and therefore don't benefit from the health, well-being and economic benefits for the individual this brings. By providing high quality, safe and segregated infrastructure and increasing the low cost availability of public cycles and particularly electric assisted cycles, cycling will become more attractive to these potential user groups.

Children's freedom to move independently outdoors is severely restricted due to safety concerns and the prevalence of car traffic in our neighbourhoods. By improving bus services and increasing the options for walking and cycling, children's safety and independence will be enhanced.

The ability to provide sustainable transport to access employment and services will help people to continue to live in their communities and assist to safeguard the Welsh language in those communities at risk. It will also be positive from a

cultural perspective as it will allow people who are reliant on public transport to attend attractions and events that promote the Welsh language.

Those without access to a car in rural areas are particularly badly affected by the sparsity of public transport provision and the lack of safe walking and cycling routes. WG are currently working on piloting innovative demand responsive public transport schemes and this fund provides a further opportunity to add value to what can be taken forward through other funding streams.

People who use public transport have significantly higher levels of everyday physical activity than car users, in particular by walking to and from public transport. The direct physical and mental health benefits of physical activity and in particular walking and cycling are very well evidenced. In order to reduce health inequalities, it is important to attract new user groups to these active modes, by providing safe and convenient options, including low cost access to cycles, and by making sure that the infrastructure provided caters for the journeys they need to make.

Cycling is a very low cost form of transport and, through the provision of reliable bus services, and walking and cycling routes and low-cost cycle hire facilities, Public and active transport provision enables people to participate fully in the labour market, education and training, as well as access services.

In February 2019 we extended our MyTravelPass (MTP) discounted bus travel scheme for 16 to 18 year olds to include 19 to 21 year olds. The scheme guarantees that participating bus operators provide one-third discounts to younger persons who have obtained a free MTP card. This extension built on the already successful and popular MTP scheme that was introduced in September 2015 for the younger cohort.

Children's ability to move around and play outside independently and safely depends on the creation of environments that allow them to do so. Children are reliant on walking and cycling and public transport for this to a much greater extent. Our investment in active travel, with a particular emphasis on engagement with children and young people in deciding which routes need to be built or improved, helps create the routes that connect children and young people with education and leisure facilities, friends, and also job opportunities.

Welsh Government is also boosting the active travel promotion in schools budget by more than 50% (£1.9m in 2020-21 from transport budgets) and this will encourage greater numbers of children to walk and cycle to school, with well evidenced benefits for their health, well-being and attainment.

## 9.0 Legislation

A recent written statement provides an [Update on the Public Transport \(Wales\) Bill \(currently referred to as the Buses \(Wales\) Bill and wider bus reform agenda\)](#).

The Bill includes provisions relating to improved partnership working arrangements known as Welsh Partnership Schemes; franchising; and local

authority run bus services. The Bill will also put in place new information management and sharing arrangements, so that information to the public will be more accessible and reliable, and local authorities will be in a better position to make arrangements to address changes in service provision.

The intention of the enabling provisions is to ensure that local authorities have access to a comprehensive suite of tools when seeking to address the challenges with bus service delivery in their area, and work with stakeholders towards developing an accessible, affordable and integrated bus network that meets the needs of Welsh communities.

The enabling provisions will be subject to appropriate processes to ensure that proposals or schemes developed under the provisions are robust and fair.

Welsh Partnership Schemes (WPSs) will be required to contribute to the implementation of local transport policies, be developed in partnership with bus operators and be subject to a meaningful consultation process. In order to ensure a partnership balance between local authorities and bus operators, the intention is that WPSs will have formal objections provisions and will be subject to the appropriate competition tests.

To ensure that new franchising proposals are robust, the legislative changes will set out requirements that must be taken into account in any new franchising proposals and Welsh Ministers will provide best practice guidance. The intention is that each franchising proposal must be thoroughly considered through a detailed business case, which is subject to audit, followed by a formal consultation. Only then can a decision to franchise be made.

For local authority run bus services, the local authority would need to ensure compliance with state aid and competition law and, if a local authority decided to run services, those services would be subject to the same competitive constraints and registration requirements as any other operator.

## **10.0 Electric Vehicle Charging Point Network**

We have committed to developing an Electric Vehicle Charging Strategy for Wales in 2020 which will scope out the context for the consideration of further Welsh Government intervention in the provision of electric vehicle charging infrastructure.

We are working with Transport for Wales and the wider public sector in Wales to increase the number of electric vehicle chargers in Wales. The allocation of £2m in the Two Year Budget Agreement supported the provision of rapid chargers on the strategic road network.

The scope of this work has now been expanded to lever in private sector funding for rolling out electric vehicle chargers at railway stations, and chargers at public car parks. Expanding the scope of the scheme should result in a much higher number of installations.



## **11.0 Improving Air Quality**

The [Written Statement on Air Quality](#) published on 7 October 2019 provided a positive update on our plans to reduce air pollution in Wales to support a healthier future for our communities, our natural environment and our country.

Whilst the indicated reduction in NO<sub>2</sub> concentrations is positive news, as highlighted in the supplemental NO<sub>2</sub> plan, we will continue with the goal of achieving compliance in the shortest time possible. This includes the continued development and the stakeholder engagement on the 'Precautionary Retained Measures' (PRM's). The PRM's are more complex than the 50mph speed limits and include potential Clean Air Zones on the A470 and M4 Newport, junction closure and variable diversions on the M4 at Port Talbot, air quality barriers on the A483 and A494 and accelerated development of park and ride facilities on the A470. Whilst development of the PRM's commenced in 2019, in all cases they require the support of the local authority and wider community and it is, therefore, considered that implementation is likely to be spread over the next few financial years. Funding to continue development of the PRM's, which may include a number of public consultation exercises and significant design activities is, therefore necessary in 2020-21. Failure to demonstrate that progress on their design and implementation is being made may be considered contrary to ruling made by the High Court in 2017, which directed Welsh Ministers to update the NO<sub>2</sub> plan and identify and implement those measures that were likely to help achieve compliance in the shortest possible time.

In addition to the Action Plan and Precautionary Retained Measures, the Welsh Government is also looking to implement a number of complimentary measures to help provide greater awareness of the public health risks associated with poor air quality and includes communication campaigns, display of real-time NO<sub>2</sub> data and the installation of additional informative signs that will be designed via an all-Wales Schools competition. This work has already commenced, but will continue during the current and next financial year.

Although all measures associated with the 50mph speed limits will be in place by the end of the current financial year 2019-20, it is possible that further measures may be necessary following publication of the next monitoring report in March 2020. It is envisaged that the speed limits will be retained until NO<sub>2</sub> levels drop and remain below the legal limit and if secondary issues following retention of the speed limits are identified through monitoring including road safety, noise and visual intrusion are identified, funding is likely to be required to provide appropriate mitigation measures.

## **12.0 Green Corridors on the Welsh Trunk Road Network Initiative**

The five year [Green Corridors Initiative](#) will deliver against the Economic Action Plan by creating a sustainable economy and promoting the economic, cultural, social and environmental well-being, and enhancing people's quality of life in Wales.

In targeting actions under the Green Corridors initiative our priority areas are identified as:

- Gateways into Wales (initially looking at opportunities on the first 5 miles of the trunk road and motorway network) e.g. A494 (Deeside), M4 and A483.
- The trunk roads along the 3 designated routes that make up the Wales Way. A55 – The North Wales Way, A470 – The Cambrian Way and A487 – The Coastal Way.
- Routes into and around our principal towns and cities around strategic sites such as Wrexham, Bangor, Cardiff, Carmarthen, Newtown and Llandrindod Wells.
- Other areas of opportunity:
  - Routes that pass through our National Parks, other designated landscapes or alongside protected sites such as Special Areas of Conservation (SACs) and Sites of Special Scientific Interest (SSSIs).
  - New major road infrastructure projects or smaller road upgrade schemes.
  - Other areas of the network where we can deliver actions within existing programmes of work.

The majority of the initiative proposals are being delivered within existing resources through Transport's capital programme or through planned road infrastructure projects.

Within our capital programme, Green Corridors projects are prioritised against other schemes delivering our statutory responsibility to provide a safe and reliable motorway and trunk road network. The 2020-21 plans maintain investment levels of around £1.6m for Green Corridors projects.

A range of projects and other measures are being developed and planned for next year's programme including:

- Targeted tree planting and landscape improvements at Gateway sites including an on-going programme of bulb planting at key locations.
- Road verge enhancement projects for wildflowers (and to benefit pollinators), across the network.
- Continuation of the landscape restoration programme to maintain landscape quality, locations at Gateway sites and across the network.
- Identification of priority species and habitats on the network, and actions to restore/enhance/conservate them (e.g. Dormouse habitats and bat foraging sites) or improving connectivity to the wider landscape.

### 13.0 [WelTAG 2017](#)

The approach to appraising transport options where we undertake capital improvements also considered economic, social, cultural and environmental issues and opportunities (through WelTAG 2017 guidance), helping identify the right solution that will help build healthier communities and better environments.

We have been working with WelTAG users on several studies to assist with the implementation of WelTAG 2017. We hosted two well attended WelTAG workshops, which brought WelTAG users together to discuss their experiences and examples of best practice. It is our intention to set up a WelTAG Community of Practice and hold more workshops and training sessions to provide ongoing support to WelTAG users and enable the sharing of learning and best practice.

We have identified key themes where WelTAG users require further support and guidance. Supplementary guidance is being drafted on engagement and consultation and also how to apply the Well-being of Future Generations Act at each stage of the process. We are currently considering the schemes that will be subject to a WelTAG audit and the nature of the audit.

We have embedded the WelTAG process in our local transport grants application process to ensure that the schemes receiving Welsh Government grant funding have demonstrated how they are delivering the well-being goals and objectives and are developed using the five ways of working. We will continue to review the Guidance.

#### **14.0 South East Wales Transport Commission**

A written statement on the [South East Wales Transport Commission](#) was made in October. The Commission's remit is to consider the full range of issues relating to congestion on the M4 in South East Wales and provide recommendations on interventions to tackle it, the approach is set out [here](#).

The vision is to recommend a set of measures which will alleviate congestion in a sustainable way that supports the wider well-being of people who live, work and travel in the area. The Commission aims to publish a progress update by the end of this year. We have been clear that we remain committed to delivering a solution to congestion on the M4 in South East Wales.

#### **15.0 National Infrastructure Commission for Wales (NICW)**

The Minister for Housing and Local Government is leading on the work of the National Infrastructure Commission. The NICW published its first [annual report](#) on 27 November. The report sets out the commission's initial findings, some provisional views and priorities for further investigation that have emerged from its work.

#### **16.0 Transport for Wales Contribution**

Establishing Transport for Wales as our expert delivery agent will change the specification and deliver of transport services and infrastructure in Wales. In June 2018, Transport for Wales (TfW) appointed their Rail Services Delivery Partner, Keolis Amey to operate the next Wales and Borders Rail Services Contract which commenced from 14 October 2018. This brings significant benefits and opportunities, including a £1.9bn investment programme by the operator which supports our objectives to bring transformation to communities and people the length and breadth of Wales and its borders.

The Welsh Government's [statistics on Rail Transport](#), demonstrate the number of rail passenger journeys in Wales increased in 2017-18, reaching the highest level on record. There were 31 million rail passenger journeys which either started or ended in Wales in 2017-18 (an increase of 1.9% compared with the previous year). Over two-thirds (69%) of these journeys were within Wales.

Our approach to increasing the modal shift to public transport from private vehicle use, which will be facilitated by the new rail service, will play a large role in minimising the effect of greenhouse gas equivalent emissions and mitigating against the impacts of climate change.

Transport for Wales are managing the delivery to achieve key targets:

- The electrification of the core Valley Lines and the reduction in carbon and Nitrous Oxide emissions as a result.
- By year five of the Operation Development Partner (ODP) Grant Agreement's requirement that 100% of electricity procured by the ODP is from renewable sources.
- A required reduction of 25% in the wider franchise and 60% in the core Valley Lines of direct carbon emissions and 100% of indirect emissions by year five of the ODP Grant Agreement.

The way in which we procure our services can also make a significant contribution in achieving the carbon reduction targets. In collaboration with TfW, a tool to measure carbon omissions for transport has been added to the Community Benefits Measurement Tool.

TfW are passionate about supporting Wales' ambitious emissions reductions and decarbonisation goals and have launched a [Low Carbon Impact Strategy](#) to help minimise the GHG emission's arising from the provision of their services.

TfW are also promoting the modal shift to more sustainable modes of transport by:

- Providing infrastructure to support the uptake of electric vehicles.
- Improving opportunities for active travel by improving access to stations and installing bike storage to encourage our passengers to cycle.

- Reducing rail emissions through vehicle and fuel efficiency measures and upgrading their existing rolling stock over the next 3 years which will also contribute to a reduction in emissions.

By electrifying the Core Valley Lines (CVL) TfW will be able to ensure that services along these routes consume no diesel fuel and achieve 100% of passenger miles under zero-carbon power. All their electricity is procured from renewable sources and their aim is to have 50% of this electricity generated here in Wales by 2025. As well as the above, TfW will be committed to installing the following at our stations photovoltaic (PV) panels and LED Lighting.