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Enterprise and Business Committee

Meeting Venue:
Committee Room 3 - Senedd

Meeting date:
17 October 2013

Meeting time:
09:00

Cynulliad Cenedlaethol Cymru
National Assembly for Wales

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Agenda

Pre-Meeting and Briefing for the Budget (09:00-09:40)

FORMAL PUBLIC MEETING (09.40)

1 Introductions, apologies and substitutions

2 Inquiry into the Future of the Wales and Borders Rail Franchise (evidence session) (9:40-10.20) (Pages 1 - 8)

Witness:

Network rail:

- Mark Langman, Wales Route Regional Director

Supporting documents:
EBC(4)-38-13(p1) - WBF93 - Network Rail

BREAK (10.20-10.30)

3 Scrutiny of the Welsh Government's Draft Budget 2014-15: Economy, Transport and Science (10:30-12:30) (Pages 9 - 42)

Witnesses:

- Edwina Hart AM, Minister for Economy, Science and Transport
- James Price, Director General, Department for Economy, Science and Transport
- Rob Hunter, Director, Finance and Performance, EST

Supporting documents:

EBC(4)-38-13(p2) – Letter from the Chair to the Minister re Budget Scrutiny 2014-15 Economy and Science

EBC(4)-38-13(p3) – Letter from the Chair to the Minister re Budget Scrutiny 2014-15 Transport

EBC(4)-38-13(p4) – Welsh Government Draft Budget Proposals: Economy, Transport and Science

4 Papers to note (Pages 43 - 63)

Supporting documents:
EBC(4)-38-13(p5) - Letter from Jocelyn Davies AM to Nick Ramsay and Annex (e)
EBC(4)-38-13(p6) - Six Months Updates - Rail Priorities, M4, Transport Priorities and Commitments

National Assembly for Wales

Enterprise and Business Committee

Inquiry into the future of the Wales and Borders Rail

Evidence from Network Rail – WBF 93

Wales

Enterprise and Business Committee

Inquiry into the Future of the Wales and Borders Rail Franchise

Summary

- Network Rail owns and operates the rail infrastructure across Great Britain.
- Demand for rail travel is increasing.
- Investing in rail is one of the most effective ways to help grow the economy.
- The devolved Wales route is responsible for the rail infrastructure in Wales and the borders area.
- Network Rail is working with stakeholders to assess and plan for future demand on the railway through the Long Term Planning Process (LTPP).
- The LTPP will help inform the next Wales and Borders franchise.
- Network Rail's Wales route has a close working relationship with Arriva Trains Wales.
- Further collaboration (alliancing) with train operating companies has the potential to deliver continuous improvement on the railway.

Introduction

Network Rail welcomes the opportunity to provide evidence to the Committee's Inquiry into the future of the Wales and Borders Rail Franchise.

We look forward to seeing the findings and recommendations of the Committee in due course.

Background – About Network Rail

Network Rail owns and operates the railway infrastructure in Great Britain.

We are a 'not for shareholder dividend' company and all our profits go straight back into improving the railway.

We are directly accountable to our members and we are regulated by the Office of Rail Regulation.

Network Rail's purpose is to generate outstanding value for customers and taxpayers. Our role is to provide a better railway for a better Britain.

When Network Rail was formed in 2002 the railway was facing a number of challenges. There were major safety concerns and punctuality levels were falling well short of what passengers expect, with a Public Performance Measure (PPM) of below 80%. Today the railway is safer, whilst performance is above 90%.

This success is mirrored by demand. Today more people travel by rail than at any point since the 1920s - when the rail network was around twice its current size.

Every year 1.3 billion journeys are made on Britain's railway and 100 million tonnes of freight is transported by rail between ports, factories and retail distribution centres.

Demand is still increasing. Over the next 30 years passenger demand for rail across Britain will double and some estimates show freight demand rising by 140%.

There is also a strong forecast for demand in Wales, for example, the Wales Rail Planning Assessment (WRPA), published in 2007, indicated an increase in passenger demand of 35% by 2016 and up to 48% by 2026.

In order to help meet this demand, Network Rail is developing and delivering a programme of investment in Wales.

Rail investment helps to stimulate private sector growth by linking towns and cities and is one of the most effective ways to help grow the economy. Improved transport and enhanced rail links create better connections between people and jobs and bigger customer bases for companies selling products.

The railway also performs a vital lifeline. It helps reduce isolation and strengthen communities by connecting people to health and education services and expanding other opportunities such as trips to leisure centres and shops.

Network Rail in Wales

Network Rail's organisational structure consists of a corporate centre and devolved routes, including the Wales route which was established in 2011.

The Wales route business unit directly employs over 1300 people and oversees the management and operation of the railway in south Wales, mid Wales, north Wales and the Marches – broadly reflecting the Wales and Borders franchise area - from a headquarters in Cardiff.

The Wales route has close working relationships with Arriva Trains Wales (the current Wales and Borders franchisee), the Welsh Government and the four transport consortia.

Long Term Planning Process

Network Rail is leading the Long Term Planning Process (LTPP) in Wales, with input from the Welsh Government, regional transport consortia and train operators.

The outcome of this work will culminate in a new Route Plan for Wales. The next steps are to:

- Identify the economic factors that will influence changes in demand over the next 10 to 30 years
- Assess gaps between existing capacity and future demand
- Develop solutions to bridge the gaps, with a strong emphasis on optimising before enhancing
- Provide choices for funders
- Complete by end of 2016 to inform the next HLOS.

The LTPP provides the framework for government, regional transport consortia and other funders to consider the best ways of integrating public transport into the future development of the railway network in Wales.

The LTPP will also help inform the specification of services for the next Wales and Borders franchise.

Existing arrangements with the Wales and Borders Franchisee

Network Rail is committed to providing safe and reliable rail routes on which passenger train operators can run services to meet ever-increasing passenger demand.

The Wales route works closely with Arriva Trains Wales (ATW) on a number of different issues as well as having a formal contractual relationship through the track access contract.

One area in which we work closely with ATW is train performance and reliability. Train performance is a complex function of the inter-relationship of infrastructure performance, rolling stock performance and operations.

By working collaboratively, we have been able to deliver significant improvements in recent years. Arriva Trains Wales (ATW) Public Performance Measure (PPM) Moving Annual Average (MAA), as of the beginning of mid-September, was 93.7%. This places ATW as one of the best performing train operating companies in Britain.

Opportunities in next franchise for collaboration

We note the specific question in the Terms of Reference about whether the next franchise can support an enhanced relationship between Network Rail and the franchise operator and the benefits this might have.

We believe that further collaboration, which we refer to as alliancing, has the potential to deliver continuous improvement beyond that which could otherwise be achieved without such an approach.

Network Rail exists to generate outstanding value for taxpayers and customers by continually improving the railway in Great Britain and our role (what we do) is to develop, operate and maintain the infrastructure in partnership with our train and freight operating customers, our suppliers and our funders and other stakeholders.

In pursuit of this, we consider that further benefits could be unlocked through alignment of incentives between industry partners and through more flexibility to deliver outputs in the most efficient way.

Therefore, we consider that the ultimate purpose of alliancing is to achieve improvements in value for money by enabling more effective partnership or cooperation with our train and freight operating customers. We believe that this will then drive improvements in end user satisfaction – passengers and freight customers.

The franchise process is a key enabler for alliancing and support from government is important. We have started a conversation with Welsh Government about the broad principles of alliancing and we have committed to provide more information, including lessons learned from elsewhere (Wessex route), later this year.

Alliancing: Network Rail Policy Statement

In order to achieve greater benefits for tax payers and rail users through collaborative working arrangements, Network Rail has entered into a number of alliances with train operators over the last two years. We believe this approach can deliver significant benefits to the industry, and are keen to implement alliancing arrangements with both incumbent operators and through the refranchising programme. The purpose of this policy statement is for Network Rail to set out the principles it adopts when negotiating and agreeing alliances with train operators.

1. **Purpose:** Network Rail sees its purpose (i.e. why we exist) as to generate outstanding value for taxpayers and users by continually improving the railway; and we see our role (i.e. what we do) as to develop, maintain and operate rail infrastructure in partnership with our customers, suppliers and other stakeholders. We consider that two of the key obstacles to improved value for money are the lack of alignment of incentives between industry parties and their lack of flexibility to deliver the required outputs in the most efficient way. Accordingly, we consider that the ultimate purpose of alliancing with passenger and freight train operators is to achieve improvements in value for money by enabling more effective collaboration or partnering with these customers. Separately, we are also seeking to develop relevant alliances with our suppliers.

2. **Objectives:** Network Rail's objectives from alliancing with its customers are to:
   - drive continuous safety improvement;
   - deliver financial benefits beyond that which could be achieved without alliancing;
   - drive improved performance and user satisfaction through alignment of incentives around the market and customers; and
   - apply learning from alliancing to other parts of the business.

   We expect to achieve these objectives by using alliancing to:
   - challenge constraints which would otherwise be regarded to be outside the control of the parties;
   - reduce interface inefficiencies and duplication of resource with operators;
   - transform behaviours and interface management away from being driven by defending current contractual positions towards collaborating to improve industry outcomes; and
   - drive positive change across the industry by improving Network Rail and operator understanding of each others' business.

3. **Safety issues:** Network Rail is committed to continuous improvement in safety. This includes addressing the safety culture of the business and helping to embed the concept of system safety across the industry. We expect closer collaboration to result in improved safety. Alliance parties will retain their existing safety management systems under which relevant changes will be subject to safety validation both in establishing alliances and in operating an alliance.

4. **Network issues:** To varying degrees all routes are used by multiple operators. In addition, many operators operate across more than one of our routes. We will ensure that any arrangements with individual operators do not compromise our ability to provide excellent service to other operators on a route or to plan, develop and

operate the network *as a whole* so that it is seamless to individual operators or rail users. This reflects Network Rail's role as system operator.

5. **Route and national activities:** The relevant route will be in the lead for Network Rail within an alliance, making decisions with the operator at a local level. Some activities will continue to be delivered nationally, for example where there are clear benefits from standardisation or economies of scale.

6. **Stewardship issues:** Part of Network Rail's role involves it taking a whole-life approach to stewardship of the infrastructure. Our approach to alliancing is intended to maintain this focus while gaining greater input from operators to help inform tradeoffs. This includes network wide asset policies and assurance processes.

7. **Legal issues:** Alliances are encouraged to promote innovation which will ultimately benefit taxpayers and rail users. However, any alliancing arrangements will comply with Network Rail's existing statutory, contractual and regulatory obligations. This includes the prohibition on undue discrimination in our network licence, the legal requirement to maintain separation of train operations from Network Rail's capacity allocation functions and the provisions of the network code.

8. **Ultimate accountability:** Alliancing will not change Network Rail's ultimate accountability or that of the relevant operators. Network Rail as a company will continue to be accountable for its existing statutory, contractual and regulatory obligations. The alliance arrangements with individual operators are designed so that they do not prevent either party from taking necessary action to discharge their accountabilities. Even in the case of a "deep alliance" explained below, Network Rail is able to determine that additional costs should be incurred or other actions should be taken locally to meet longer term requirements or the requirements of other operators using the route. The company will continue to be held to account by the ORR.

9. **Bespoke alliances:** Network Rail is keen to explore mutually beneficial opportunities with any passenger or freight train operator. We have signalled this willingness to explore opportunities both to existing passenger and freight train operators and to shortlisted franchise bidders. The precise arrangements will differ according to the characteristics and use of the relevant parts of the network; the characteristics and markets served by the relevant operators' train services; the challenges facing this part of the network and the relevant operators over the period in question, and the aspirations and approach of the operators concerned.

10. **Framework alliance agreement:** Network Rail has developed a framework alliance agreement which has evolved through discussions with a number of operators. This framework agreement template approach need not constrain discussions and it will continue to evolve in the light of experience. The current framework agreement provides for transparent sharing of information on the performance of the respective businesses to help identify mutual opportunities; for the establishment of a code of conduct to underpin the mutually desired changes in behaviour; and for the identification of specified alliance projects which the joint teams intend to progress. Where the identified projects result in proposals for change, these changes are still subject to the existing industry change processes. We will engage as early as possible with all operators where they would potentially be impacted by a change.

The nature of the projects which are included and the way in which they are progressed will vary depending upon the circumstances of the case.

11. **Non-framework alliancing projects:** In some routes, specific projects are being progressed without a framework agreement of the nature described above. These specific projects could potentially change the way in which Network Rail works with operators on the routes but this would still be subject to the same principles as described above. There is therefore no requirement for a specific alliance agreement in order to progress such initiatives.

12. **Deep alliances:** A "deep" alliance can be defined as one in which one of Network Rail's routes (or potentially part of a route) and a train operator share upside and/or downside risk against an agreed baseline for all or most of their activities. In Network Rail's view, this would only be appropriate where an operator has a very strong geographic alignment with the route – such that it has very little traffic on other routes and other operators have a small proportion on the route in question. Network Rail is also of the view that it would be inappropriate and impractical to enter into such an arrangement with an incumbent franchisee except where there are several years remaining on the franchise term. In CP4, Network Rail entered into one such deep alliance with an incumbent train operator, SSWT (the "South Western Railway"). For CP5, we have stated that we are willing to enter into a deep alliance arrangement with the successful bidder of the ScotRail refranchising competition[1].

13. **Refranchising:** Network Rail will continue to provide input to government in relation to the specification of franchises and will discuss appropriate alliancing opportunities. Network Rail also engages with shortlisted franchise bidders on potential alliancing arrangements. Alliancing projects which are developed with the incumbent franchisee in advance of the refranchising process would be made transparent to bidders in the competitive process. Alliancing conversations with shortlisted bidders are confidential but we cannot guarantee exclusivity. The points of contact for discussion with potential franchisees are within the Network Strategy and Planning teams.

14. **Freight and open access operators:** In taking forward a range of alliancing opportunities with franchised train operators, Network Rail will remain focused on providing service to freight and open access operators. In addition, Network Rail welcomes the opportunity to explore mutually beneficial commercial opportunities with freight and open access operators. We expect the principles as outlined above to apply to such arrangements, although acknowledge that the *nature* of these arrangements is likely to be different.

15. **Best practice and learning:** Network Rail will apply general lessons from alliancing arrangements to other parts of its network. In addition, alliance arrangements with an incumbent operator would be expected to inform the potential for opportunities from refranchising. The precise model from one situation is, however, unlikely to be applicable elsewhere.

16. **Transparency:** Network Rail is committed to transparency in relation to its financial and operational performance. While the commercial terms of an alliance may be

[1] The Alliance is not mandated by Transport Scotland as part of the refranchising process.

commercially confidential, any aggregated financial flows as a result of alliancing for each of Network Rail's routes would be identified through the regulatory accounts. This would therefore be subject to independent audit and potentially further review by ORR or the independent reporters.

17. **Route efficiency benefit sharing (REBS):** In CP4, track access contracts included an efficiency Benefit Sharing mechanism which provides for the sharing of OM&R (operations, maintenance and renewals) efficiency benefits with operators pro-rata to their use of the network. In CP5 it is expected that this will be applied on a Route basis rather than nationally (referred to as REBS) and will include both upside and downside sharing with operators. Bespoke alliancing arrangements are intended to operate alongside this mechanism. As part of its Final Determination on PR13, we expect ORR to conclude that alliance performance will be taken account of before any REBS payments are made ('alliance before REBS').

    Train operators' participation in REBS will not be compulsory, with the possibility to opt-out of the mechanism at the beginning of CP5 or during CP5 under specific circumstances. On entering into any alliance arrangements with operators during CP5 that include one or more elements of Network Rail's cost and/or income included in REBS, we would expect to require operators to opt-out of the mechanism.

18. **Concessions:** Network Rail is also considering the potential benefits and issues which would need to be addressed for it to let a long-term concession for part of the infrastructure. This is independent of alliancing and the implications would be quite different. Unlike an alliance, letting an infrastructure concession would involve the creation of a new company and that company would be accountable for the relevant infrastructure. In such a scenario, however, Network Rail would expect to continue to act as system operator for the network as whole. Network Rail currently has no plans to let an infrastructure concession but any decision to proceed with this option would take account of the same issues as described above. It would therefore need to be justified in terms of additional benefits to rail users and taxpayers, it would need to enable continued whole-life optimisation of the whole network, and it would need to conform with the relevant legislation.

Cynulliad Cenedlaethol Cymru
National Assembly for Wales

Y Pwyllgor Menter a Busnes
Enterprise and Business Committee

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

5 August 2013

Dear Edwina

Budget Scrutiny 2014-15: Economy and Science

In order to inform our budget scrutiny session on the economy and science part of your portfolio on 17 October, I thought it would be useful to set out some areas that we would like you to include in your budget paper.

Last year's budget report

During our scrutiny of the Draft Budget 2013-14 the Committee welcomed the improvements made last year in the presentation and clarity of the Welsh Government's budget documents and the papers that Ministers submitted to Assembly committees. However, the Committee felt there was still room for improvement and made the following recommendation:

> **"For next year, we should like you to focus on providing us with more information regarding the outputs, outcomes and targets associated with your budget allocations. Wherever possible we should like to see you define the measurable outputs and outcomes you expect to be achieved by a particular area of expenditure, to enable us to do our job in evaluating the effectiveness of your Department's activities."**

The Committee would like to see this recommendation taken on board in the information that will be provided to the Committee in relation to the draft budget for 2014-15.

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As was the case last year, the Committee would like to be provided with the individual Budget Expenditure Lines for your portfolio.

Programme for Government commitments

Regarding the Welsh Government's ability to deliver the Programme for Government commitments in relation to the economy and science aspects of your portfolio from within the current allocation, we would appreciate information in relation to:

- Details of the costs associated with the Programme for Government commitments and/or any work being undertaken to assess such costs;
- Whether these commitments are deliverable within the available portfolio budget and details of any areas where affordability is a concern; and
- Information relating to how the delivery of the commitments in your economy and science portfolio, and their associated outcomes will be monitored and evaluated to demonstrate value for money.

In relation to the above bullet points we are particularly interested in:

- The implementation of strategies and action plans for key sectors. The Programme for Government Annual Report 2013 suggests that the Welsh Government has 'compiled a series of measures to inform both future policy making and resource allocation' with regard to the key sectors. The Committee would like to see further information as to the way these measures have influenced the draft budget allocations for 2014-15.
- The Partnership for Growth: the Welsh Government's Tourism Strategy for 2013-2020.
- The promotion and attraction of trade and inward investment.
- The successor to the Broadband Support Scheme that is expected to be available in September 2013.

Policy development

There are numerous areas of your portfolio for which policies have recently been or are currently under development, or are in the early stages of implementation. For each policy, as appropriate, we would like to see:

- Details of the costs associated with the policy recommendations put forward for your consideration and/or any work being undertaken to assess such costs;
- Details of the costs (or potential costs) associated with your planned approach to take forward the policy and/or implement any of the recommendations received (and or any work being undertaken to assess such costs);
- Whether these plans/commitments are deliverable within the available portfolio budget and details of any areas where affordability is a concern; and

- Information relating to how the delivery of the policy, and its associated outcomes will be monitored and evaluated to demonstrate value for money.

Regarding the above bullet points the Committee would particularly like to receive information in relation to city regions; business rates (including charities and social enterprises); co-operatives and mutuals; improving access to business finance; enterprise zones; Innovation Wales and local growth zones.

Preventative Spending

We are interested in considering preventative spending as part of our scrutiny of the Draft Budget 2014-15. The definition of preventative spending that is being adopted for this purpose is: *…spending which focuses on preventing problems and eases future demand on services by intervening early, thereby delivering better outcomes and value for money.*

With this definition in mind we would like information on:

- The proportion of the economy and science budget allocated to preventative spending measures;
- Details of which specific policies or programmes in the economy and science aspects of your portfolio are intended to be preventative; and
- How the value for money of such programmes is evaluated, with a particular focus on what the specific inputs and intended outcomes are.

Provision for Legislation

The Committee would like to see:

- Information on the extent to which any Welsh legislation that is currently being passed or is planned in the legislative programme is likely to have any direct or indirect impact on the economy and science aspects of your portfolio in the 2014-15 financial year; and
- Information on the impact on the budget of any UK legislation in the portfolio area.

Yours sincerely

Nick Ramsay AM
Chair, Enterprise and Business Committee

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Assembly for
Wales

Y Pwyllgor Menter a Busnes
Enterprise and Business Committee

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

5 August 2013

Dear Edwina

Budget Scrutiny 2014-15: Transport

In order to inform our budget scrutiny session on the transport part of your portfolio on 17 October, I thought it would be useful to set out some areas that we would like you to include in your budget paper.

Programme for Government commitments

The Committee would like to see:

- Details of the costs associated with Programme for Government commitments within your transport portfolio and/or any work being undertaken to assess such costs;
- Whether these commitments are deliverable within the available portfolio budget and details of any areas where affordability is a concern. Specifically, in the context of your recent statements, could you please provide details of which National Transport Plan commitments identified in December 2011 are at risk, and the basis on which those schemes that are to be delivered have been/will be prioritised; and
- Information relating to how the delivery of the commitments in your portfolio, and their associated outcomes will be monitored and evaluated to demonstrate value for money.

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Provision for Legislation

We would like to see:

- The amounts and location in the 2014-15 draft transport budget of allocations for Welsh legislation that is currently being passed or is planned in the legislative programme and likely to impact in the 2014-15 financial year, in particular the *Active Travel (Wales) Bill*;
- Given that two Departments are now involved in the delivery of the *Active Travel (Wales) Bill* and wider active travel policy, how delivery of the Bill and policy will be co-ordinated to ensure spending provides value for money; and
- The impact on the transport budget of any UK legislation in the portfolio area.

Preventative Spending

We are interested in considering preventative spending as part of our scrutiny of the Draft Budget 2014-15. The definition of preventative spending that is being adopted for this purpose is: *spending that focuses on preventing problems and eases future demand on services by intervening early, thereby delivering better outcomes and value for money.*

With this definition in mind we would like information on:

- The proportion of the transport budget allocated to preventative spending measures;
- Details of which specific policies or programmes in the transport portfolio are intended to be preventative; and
- How the value for money of such programmes is evaluated, with a particular focus on what the specific inputs and intended outcomes are.

Cardiff Airport

We would like to see:

- The amounts and location of any allocations relating to Cardiff Airport in the 2014-15 draft budget. In particular, we would like clarification of whether these form part of the transport budget or the economy and science budgets.
- Details of any provision in the 2014-15 budget for direct or indirect investment in the airport, for example airport infrastructure or route development, and the steps being taken to ensure that the Welsh Government's investment, both in the purchase of the airport and any future investment, provides value for money.

Road investment and the M4

We would like to see:

- The amount and location in the 2014-15 draft transport budget of any allocations related to proposals for a "major enhancement" of the M4 and

details of discussions held with the UK Government on the funding of any enhancement;

- Details of the steps being taken to ensure that investment in the M4 provides value for money; and
- Details of how and why investment in the M4 is being prioritised relative to road investment in other parts of Wales.

The next National and Regional Transport Planning Period

We would like to see:

- Details of how the effectiveness of the current National Transport Plan and Regional Transport Plans have been evaluated, and how this work will inform preparations for the next transport planning period after 2015;
- Details of the process by which both the next National and Regional Transport Plans will be developed; specifically how projects and interventions to be included will be identified, prioritised, monitored and evaluated, and the steps being taken to ensure that national and regional transport plans are co-ordinated to maximise value for money.

Bus and Community Transport Investment

We would like to see:

- The amount and location in the 2014-15 draft transport budget of funding provided for the bus and community transport sector, particularly the Regional Transport Services Grant and funding for concessionary travel;
- Details of the new funding agreement for the All-Wales Concessionary Fares Scheme from 1 April 2014-15, including the amount of funding and its location within the 2014-15 draft budget, as well as steps taken to evaluate the effectiveness of the previous agreement and the appropriateness of the priority currently given to the scheme;
- Details of how the Welsh Government has/will monitor and evaluate the effectiveness of the new Regional Transport Services Grant;
- Details of the basis for the statement that the Regional Transport Services Grant represents an “effective doubling” of funding for the community transport sector, and whether allocations in the 2014-15 draft budget will continue this level of funding;
- Details of the Welsh Government’s examination of the scope for multi-year funding for the community transport sector, and whether such arrangements will be implemented from 2014-15.

Budget Expenditure Line information

The Committee would like BEL level information to be provided.

Many thanks

Yours sincerely

Nick Ramsay AM
Chair, Enterprise and Business Committee

Memorandum on the Economy, Science and Transport (EST) Draft Budget Proposals for 2014/15

Enterprise and Business Committee – 17 October 2013

1.0 Introduction

This paper provides information on the EST budget proposals as outlined in the draft budget announced on 8 October.

2.0 Summary of Budget Changes

In overall terms, the total EST MEG budget allocations for 2014/15 and 2015/16 (excluding Annually Managed Expenditure (AME) have increased by £75.63m and £70.786m respectively when compared to the June 2013 Supplementary Budget allocation, as shown in the table below.

	2013/14 Supplementary Budget £'000	2014/15 Proposed Budget £'000	2014/15 Changes £'000	2015/16 Indicative Plans £'000
Revenue				
Economy & Science	99,569	96,273	(3,296)	94,658
Transport	325,719	306,970	(18,749)	300,441
Total	**425,288**	**403,243**	**(22,045)**	**395,099**
Capital				
Economy & Science	96,647	118,647	22,000	110,147
Transport	220,674	296,349	75,675	308,149
Total	**317,321**	**414,996**	**97,675**	**418,296**
Non Cash	110,000	110,000	0	110,000
Total	**852,609**	**928,239**	**75,630**	**923,395**
AME	47,918	48,946	1,028	60,125
Total DEL	**900,527**	**977,185**	**76,658**	**983,520**

For the Economy and Science budgets we will aim to deliver the majority of the savings against 2013/14 budgets through efficiencies, reprioritisation and re-profiling of commitments to minimise the impact of the cuts.

As the table shows, Transport budgets form the majority of the EST MEG at 76% (Economy and Science 24%)[1].

Revenue reductions within the Transport budget present a challenge as the budget is made up of several long term contractual

[1] *Figures exclude Non Cash and Annually Managed Expenditure*

arrangements, some of which require negotiation with and the agreement of the UK Department for Transport. In some cases the contractual arrangements are index linked to inflation which means the costs rise year on year.

Transport revenue budgets support the public transport service and maintain the safety and serviceability of our road network which are key factors in economic sustainability and growth. Negotiations are underway with our service providers, the UK Government and key stakeholders with the aim of achieving savings whilst maintaining service levels. The on-going negotiations are commercially sensitive and it would be inappropriate to share specific details at this time.

The total EST capital budget has increased by £97.675m in 2014/15, which includes additional allocations from Central Reserves (£52m) and from the Financial Transactions Fund (£12m). The additional allocations in 2014/15 support the projects detailed in the table below:

ACTION	2014/15 CAPITAL £'000	2015/16 CAPITAL £'000	STRATEGIC PRIORITY	SOURCE
Motorway & Trunk Road Operations	10,000	30,000	M4 Brynglas Tunnels Carriageway	Central Reserves
Motorway & Trunk Road Operations	5,000	12,000	A55 Tunnels Route Resilience & Life Safety Improvements	Central Reserves
Road & Rail Schemes	0	40,000	A465 – Heads of the Valley Dualling	Central Reserves
Road & Rail Schemes	18,900	24,800	South East Wales Integrated Transport	Central Reserves
Road & Rail Schemes	8,300	2,000	Funding for the Ebbw Vale Town rail extension & station	Central Reserves
Sustainable Travel	9,800	5,000	South East Wales Integrated Transport	Central Reserves
Finance Wales Funds	12,000	42,500	Funding to support access to finance.	Financial Transactions Fund
Total	**64,000**	**156,300**		

The Budget Expenditure Line tables attached at Annex A provide a full breakdown of the Department's revenue and capital budgets.

It is important to note that this does not represent the full value of the impact of the Department for Economy Science and Transport in Wales as we also lever additional investment from other funding sources such as the European Commission, UK Government and the private sector. In terms of access to finance, alongside direct intervention by the Department, we support over £30m of investment per year in SMEs via the various funds managed by Finance Wales.

Where possible the Department also makes use of innovative finance solutions to maximise outcomes. A good example of this is the affordable housing development at Ely Mill, which should generate around £60m private sector investment from a Welsh Government investment of £12m. In addition to delivering homes, this investment will create a significant number of construction jobs over the life of the project. The Department is considering expanding the model to other potential sites.

The EST MEG also includes a budget allocation for AME, which provides cover for charges that are outside the control of the Department, such as impairments on the property portfolio, joint ventures, investments and the roads network. This budget has increased from by £1.028m from £47.918m in 2013/14 to £48.946m in 2014/15 in line with market condition indications.

In considering the priorities for the Draft Budget, the Department has placed a strong emphasis on tackling poverty, equality and sustainability. The published 2014/15 Draft Budget narrative outlines our budget priorities in supporting growth and jobs, educational attainment and supporting children, families and deprived communities. We have focussed on tackling poverty by developing spending plans that protect jobs, create employment opportunities and create the conditions that will enable businesses to grow, recognising that employment offers high level of protection against poverty. Equality considerations are integral to our budget decisions and any significant funding changes have and will be considered against their impact on individuals with protected characteristics. We remain committed to the Welsh Government's Strategic Equality Plan particularly with regard to providing employment opportunities.

There is a strong focus on long-term sustainable growth in our approach to economic development. Community benefits are incorporated into procurement activities such as the work being undertaken on major road schemes such as the A465 Heads of the Valleys road enhancements. By supporting training and job creation through supply chain and skills development for local communities' sustainability delivers value for money in both social and economic terms.

3.0 ECONOMY & SCIENCE

3.1 Programme for Government Commitments

Our 2014/15 spending plans are aligned to match our strategic objectives which encompass the commitments made in the Programme for Government. A mapping of our Actions to the Programme for Government Commitments is detailed at Annex B. The annual update of Programme for Government achievements was published in June 2013 and can be found on the Welsh Government internet site.

http://wales.gov.uk/about/programmeforgov/?lang=en

In the current economic climate affordability is a major issue and projects and programmes are continually monitored to ensure they are delivering their outcomes and targets. Where they are not found to be delivering as planned, the resource is reallocated to interventions that will deliver jobs and growth.

The principles of Delivering Results are embedded into the decision making for the Department. There are robust processes in place to underpin the value for money considerations, such as the Five Case Business Model for investments with appropriate Office of Government Commerce Gateways for major infrastructure projects. All capital allocations for strategic projects are supported by business cases. Comprehensive due diligence is conducted for all applications of support and assessed in terms of outcomes and the wider long-term sustainable development. Investment Panels both internal and external ensure that investments are approved in an accountable and transparent manner and support the efficient utilisation of financial resource.

Additional information has been provided in response to the specific areas highlighted by the Committee as follows:

The implementation of strategies and action plans for key sectors

The Sectors continue to develop targeted strategies supported by panels of industry experts. A report on the progress and future remit of the Sectors and the Panels can be accessed at:

http://business.wales.gov.uk/sector-panel-report

The delivery of the priorities is supported by £88.9m funding which includes £20m for the Wales Economic Growth Fund 2 and £12m financial transaction funding to support the sector strategy and respond to emerging opportunities.

The Partnership for Growth: Tourism Strategy 2013-2020

In order to support and encourage the development of the tourism sector we have allocated £12.8m for marketing and development work in 2014/15. In addition to this, we have also allocated £4.5m for Major events which have a significant role to play in raising the profile of Wales. The implementation of the "Partnership for Growth" Strategy has the potential to realise significant growth with a challenging target to grow tourism earnings in Wales by 10% or more by 2020. There is strong evidence to support that investing in tourism maximises the return on the expenditure.

The promotion and attraction of trade and inward investment activity

The Trade and Inward Investment team work with the sector teams, the European and External Affairs Division and other partners (both internal and external). It helps companies in Wales internationalise through exporting globally and to attract inward investment - both foreign direct inward investment and investment from elsewhere in the United Kingdom. Whilst the primary aim is to increase the stock of overseas owned companies in Wales through winning new investments, reinvestments have played, and will continue to play, a significant role in our overall inward investment results.

In 2014/15 £2.1m has been allocated for trade and inward investment activity. The outcomes are monitored closely in terms of delivering value for money. UKTI's annual report for 2012/13 shows that the number of inward investment projects attracted to Wales in the year to the end of March 2013 increased from just 23 in the previous financial year to 67 – a year-on-year rise of 191%.

The significant rise in project wins – a combination of new investments, expansions by existing foreign owned companies and merger and acquisition activity – represented 4.2% of the total number of foreign direct investment projects for the UK of 1,559. During the year, Wales secured 7,047, an increase of over 100% on the previous year and it represented 4.1% of the UK total.

The projects secured promise the creation of 2,605 jobs, 4.4% of the UK total. Projects include those at Toyota, Sony, Ford, Meritor, Airbus, as well as the acquisition of Bilcare by United Drug.

Access Broadband Cymru

The Access Broadband Cymru scheme is the successor to the Welsh Government's highly successful Broadband Support Scheme. The scheme is one of the early stage interventions to support the estimated 4% of premises that will not receive access to next generation broadband services through the Superfast-Cymru project. It contributes to the Programme for Government commitment to ensure that rural communities are not left behind in the delivery of

fast broadband and that work will continue to eliminate "not-spots" and that there is fair and equal access to higher broadband speeds across the whole of Wales.

To maximise on the significant investment made under the Superfast Cymru programme, support under the Access Broadband Cymru scheme will be targeted in areas where roll-out of Superfast Cymru is not expected. A total commitment of £6m (profiled £2.5m 2013/14; £2m 2014/15 and £1.5m 2015/16) has been allocated based on anticipated demand. It is predicted that as the fibre footprint under Superfast Cymru increases, the demand for the Access Broadband Cymru scheme will reduce. Therefore the total commitment has been estimated on a sliding scale over three financial years.

3.2 Measuring Performance - Outputs and Outcomes

The Department uses a wide range of outcomes and outputs to measure delivery. As part of Programme for Government a set of macro-economic indicators are used to understand economic progress:

- Gross Disposable Household Income (GDHI) per capita
- Primary Income per capita
- Gross Value Added (GVA) per capita
- Employment rate.

These should not be considered indicators upon which the Welsh Government's policies alone can seek to have direct, obvious or significant influence, particularly in the short-term.

A wide range of indicators are used to measure delivery by the operational areas of EST and these are made up of a combination of activity and results. They have been developed to meet the requirements to provide a core key indicator set for use across all operational areas, to be compliant with any WEFO regulations when European Funding is utilised and to provide local indicators for individual business areas.

As part of the annual business planning process EST requires business areas to submit baseline targets against indicators when budgets have been agreed. The targets for 2014/15 will be agreed in line with the detailed plans which are in progress at this stage of the business planning cycle. Targets have been agreed for 2013/14 and the table below sets out a summary against key delivery areas.

EST Key Outputs Targets 2013/14*

	Jobs Created	Jobs Safeguarded	Investment Induced (£000)
Sectors	2,777	1,921	106,612
Entrepreneurship	4,000	775	0
Science and Innovation	156	2	0
Access to Finance inc SIF, Finance Wales	4,272	2,342	162,342
WEGF 2	1,300	1,000	11,738
Others	216	0	19,155
Total	**12,721**	**6,040**	**299,847**

* It should be noted that these figures were agreed at the start of the financial year to provide the baselines used to support business planning. They are subject to in-year changes dependent on a number of factors and will be re-forecast to meet any changes.

In addition the Department aims to assist over 13,000 jobs in 2013/14 and a separate report on the outputs for Enterprise Zones will be published in December 2013.

3.3 Policy Development

Our key to delivering growth is by working in partnership with both internal and external stakeholders to maximise resources and intelligence and to deliver policy aims. A number of policies are cross cutting and collaborative, the principles being embedded in the strategic priorities in the relevant business areas identified during the budget planning process. These policy developments have also been highlighted as part of the scoping for EU structural funds.

City Regions

The City Regions Report published in July 2012 identifies three strategic benefits: more efficient labour markets, larger markets for goods and services and a greater exchange of knowledge, ideas and innovation. Significant work has been undertaken, both internally within the Welsh Government and externally, as buy-in is critical to the success of City Regions. There is no designated budget for City Regions as the delivery and monitoring is embedded in the individual programmes.

There are clear linkages between City Regions and other approaches that are being developed such as Enterprise Zones aiming to attract investment and create jobs. Public transport is integral to the success of city regions.

Business Rates

The Welsh Government continues to examine whether business rates can be used as a lever to support economic development and growth. The Welsh Enterprise Zones Business Rates Scheme which runs from 2012/13 to 2015/16 aims to deliver benefits through economic growth and job creation.

The new schemes Open for Business and New Developments will further incentivise businesses. The New Development scheme is expected to cost around £2.8m aims to encourage construction and new development by extending the exemption period from empty property rates to 18 months. The scheme will run until 30 September 2016. The Open for Business Scheme estimated at £2.5m aims to bring long term property back into use by offering a business rates discount of 50% for eligible properties up to twelve months from the occupation date. The scheme will run until 31 March 2015.

In assessing value for money the business rate schemes will be monitored in terms of the number of enterprises receiving relief; type of business with the associated jobs and premises refurbished or created. The Business rates initiatives are supported with funding of £4m in 2014/15.

Town centre businesses have been supported through the provision of clearer guidance and funding to support Business Improvement Districts. This has assisted charities and social enterprises on the high street.

The Welsh Government has also successfully lobbied the UK Government to extend Small Business Rate Relief and to make changes to Empty Property Rates.

Co operatives and Mutuals

The Welsh Commission on Co-operatives and Mutuals is due to provide a report in the autumn. Any resource implications will be considered in line with the recommendations.

Improving Access to Business Finance

The Department continues to work closely with the banks to ensure that the business funding offered by Welsh Government is used, where possible, to bridge a gap between bank lending and the funding needs of viable, growing Welsh SMEs. Through Finance Wales, a number of funds have already been established to help businesses access finance which is not readily available from the high street. These include the Wales SME Fund, Micro Business Loan Fund, Property Development Fund, the JEREMIE Fund and the Welsh Life Sciences Investment Fund. Together these funds invested over £31m in 2012/13 in Welsh Businesses and it is anticipated that investment of £34.1m will be achieved in 2013/14.

Most of these funds have the major advantage that they will provide returns that can be reused to support future investments in businesses across Wales. This Draft Budget includes additional financial transaction funding of £12m in 2014/15 which will support new investment funds in Finance Wales that are currently in development.

The Access to Finance Review conducted by Dylan Jones Evans examined whether the High Street banks are meeting the funding needs of Welsh SMEs. The second part of the review will look at the alternative sources of finance for Welsh businesses and SMEs in particular. This is an important review and the recommendations will be considered further in developing future policy and remaining responsive to the needs of the business community.

Enterprise Zones

Business and investment activity within the seven Enterprise Zones is a powerful market signal for further investment. The budget of £13m includes £9m to support development of the infrastructure and incentives to deliver the distinct priorities in the sectoral approach for a lasting legacy of jobs and continued growth. Capital proposals are supported by business cases and opportunities to lever in additional funding are always part of the evaluation. A report detailing information on the performance and outputs associated with Enterprise Zones will be published by the end of this year.

Innovation Wales

As a strategy rather than a programme, Innovation Wales does not have a hypothecated budget. The principles in delivery inform and prioritise existing portfolio budgets. The Innovation Wales strategy includes a series of recommendations designed to increase the flow of UK and European research, development and Innovation funds from UK and European sources.

The strategy has been important in prioritising the Research, Development and Innovation (RD&I) additional requirements for new programmes. The new round of Structural Funds will present a major opportunity to support these new activities. There is no designated budget as the delivery and monitoring is embedded in the individual programmes.

Local Growth Zones

The development of local growth zones is an important factor in the economic sustainability of towns and rural communities as a more appropriate model than Enterprise Zones. In 2014/15 £0.1m has been allocated to support projects and stakeholder groups to explore the potential for policy options to encourage and support jobs, economic growth and offer the opportunity of testing different types of interventions. This will initiate in Powys and be extended to the Teifi

Valley. For example, the deployment of Superfast Cymru and the A483/A489 Newtown bypass are key supporting interventions in Powys. Final recommendations will be fully evaluated report in line with economic priorities.

3.4 Preventative Spending

As stated above, the Draft Budget gives clear priority to accelerate economic recovery, create employment opportunities and establish the foundations for long-term promotion of economic growth and sustainable communities. The entire budget for Economy and Science supports intervention aimed at growth in the economy to increase prosperity. In terms of preventative spend, this has positive outcomes for health and social challenges and assists in establishing a fairer and more equal society.

Employment offers a high level of protection against poverty for individuals and families. We are working to tackle worklessness and poverty by encouraging and supporting employment retention and creation across Wales. The Science and innovation budget is important in supporting the improvement in education, training and research to assist in tackling unemployment.

3.5 Provision for Legislation

Our contribution to the cross cutting legislation supports the conditions that can create jobs, growth and wealth in the Welsh economy. Considering the interests of business is a statutory duty in the Government of Wales Act. The Department continues to work in collaboration with all stakeholders to ensure that the needs of Welsh business and the economy are fully reflected in the proposed legislation:

- Planning Bill
- Public Service Workforce Bill
- Fairer Generations Bill

Financial resources are sufficient to accommodate Regulatory Impact Assessments for legislative and policy proposals.

4.0 ECONOMY & SCIENCE - FUNDING OF SPENDING PROGRAMME AREAS

The 2014/15 proposed total budget for Economy and Science has increased by £18.704m when compared to the 2013/14 Supplementary Budget (excluding Annually Managed Expenditure).

This includes a decrease to the resource budget of £3.296m as a result of revenue reductions and an increase of £22m to the capital budgets, as shown in the table below.

	2013/14 Supplementary Budget £'000	2014/15 Proposed Budget £'000	2014/15 Changes £'000	2015/16 Indicative Plans £'000	2015/16 Changes £'000
Revenue	99,569	96,273	(3,296)	94,658	(4,911)
Non Cash	1,309	1,309	0	1,309	0
Capital	96,647	118,647	22,000	110,147	13,500
Total	**197,525**	**216,229**	**18,704**	**206,114**	**8,589**

4.1 Sectors & Business

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Sectors and Business	Revenue	51,089	(24)	51,065	48,985
	Capital	56,519	21,625	78,144	88,633
	TOTAL	**107,608**	**21,601**	**129,209**	**137,618**

The total budget of £129.209m in 2014/15 provides funding for Sectors, Legacy SIF, Entrepreneurship and Business Information, Trade and Inward Investment and Enterprise Zones. There is a decrease in the revenue budget of £0.024m which is made up of a number of incremental changes between years and movements in budget areas in year to align commitments. There is a net increase of £21.625m in the capital budget which reflects additional allocations of £32m from central reserves and the financial transactions fund which is offset by a £10.375m reduction in capital commitments for legacy SIF.

The Sectors and Business budgets are key to delivering against the Programme for Government areas for growth and sustainable jobs, tackling poverty and education and equality of opportunity.

4.2 Legacy SIF

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Legacy SIF	Revenue	2,360	(657)	1,703	1,703
	Capital	20,700	(10,375)	10,325	10,325
	TOTAL	**23,060**	**(11,032)**	**12,028**	**12,028**

This budget supports the Department's contractual commitments under the legacy SIF/RSA schemes to honour grant offers to Welsh based companies provided that conditions and targets for growth and jobs have been met. The reduction of £11.032m reflects the reducing level of commitment as projects are completed.

4.3 Sectors

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Sectors	Revenue	34,206	2,058	36,264	34,386
	Capital	35,819	32,000	67,819	78,308
	TOTAL	**70,025**	**34,058**	**104,083**	**112,694**

The budget of £104.083m supports the delivery of the Sector priorities, Enterprise Zones and Trade and Inward investment. A detailed breakdown of the activities by Budget Expenditure Line is included in Annex A. The Sectors budget includes an allocation for pipeline activity of £39m to ensure that funding is available to respond quickly to projects as they are developed.

The increase of £32m in the 2014/15 capital budget for Sectors reflects additional allocations from reserves and financial transactions as follows:

1. £20m for the Wales Economic Growth Fund Phase two for businesses with a funding requirement of over £100,000 to concentrate on the creation of new jobs.

2. Financial transactions funding of £12m to support economic development initiatives to provide access to finance to and support business growth, exports and create / safeguard jobs. Detailed plans on the allocation of these funds to existing or new funds are currently under consideration and will be announced in coming months.

4.4 Entrepreneurship

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Entrepreneurship and Business Information	Revenue	14,523	(1,425)	13,098	12,896

The Entrepreneurship and Business Information budget of £13.098m supports youth entrepreneurship, start-ups, SME and micro-businesses and responsible business practices. It also ensures that the mutual and co-operative sector has access to appropriate and robust business advice. Responsible Business practices will facilitate corporate social responsibility commitments by requiring businesses to behave ethically and contribute positively to the economic development.

The re-profiling of EU funding and an increase in the intervention rate for the "Start Up" programme has reduced the core budget requirement by £1.425m in 2014/15. This has no impact on service delivery.

4.5 Science and Innovation

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Science & Innovation	Revenue	14,269	(1,067)	13,202	12,882
	Capital	3,613	8,366	11,979	2,979
	TOTAL	**17,882**	**7,299**	**25,181**	**15,861**

The funding of £25.181m supports initiatives to deliver the Science for Wales Strategy and Innovation Strategy.

4.6 Science

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Science	Revenue	2,882	428	3,310	3,234
	Capital	3,113	8,366	11,479	2,479
	TOTAL	**5,995**	**8,794**	**14,789**	**5,713**

The budget includes revenue and capital funding of £5.539m to support the Ser Cymru and National Science Academy (NSA)

initiatives. The Ser Cymru funding contributes to the total £50m Welsh Government commitment to this five year programme, which is also supported by Health and Education budgets. The NSA encourages young people to engage with Science, Technology, Engineering and Mathematics subjects.

The increase in the capital budget largely reflects additional capital reserves allocated for the Science Park in the 2013/14 final budget. Revenue and capital funding of £9.25m in the Menai Science Park (2013/14 £1m) will provide facilities to support the establishment of new companies and grow existing companies creating employment and opportunities.

4.7 Innovation

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Innovation	Revenue	11,387	(1,495)	9,892	9,648
	Capital	500	0	500	500
	TOTAL	**11,887**	**(1,495)**	**10,392**	**10,148**

Funding of £10.392m is allocated to encourage businesses to invest in innovation and develop links with academia through the Business Innovation, A4B and SMART Cymru Programmes. These are all EU funded projects. There is a reduction in core funding of £1.495m following a realignment of budgets within the MEG and a review of commitments.

4.8 Major Events

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Major Events	Revenue	4,740	(284)	4,456	4,354
	TOTAL	**4,740**	**(284)**	**4,456**	**4,354**

The £4.456m budget for Major Events will support work with National, UK and international sports federations to ensure more major events are hosted in Wales. In 2014 Wales will host the Seniors Open Championship for the first time. It also supports a diverse range of cultural events including home grown events such as the Beyond the Border International Storytelling, Swn and Wakestock Festivals to major international cultural events such as WOMEX. The change in the budget of £0.284m has resulted from a managed reduction in line with current commitments.

4.9 Infrastructure

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Infrastructure	Revenue*	20,642	(1,196)	19,446	20,397
	Capital	36,456	(8000)	28,456	18,456
	TOTAL	**57,098**	**(9,196)**	**47,902**	**38,853**

*includes non fiscal resource DEL of £1,309k

The 2014/15 budget of £47.902m provides support for Property Related Infrastructure, ICT Infrastructure and the Next Generation Broadband for Wales project (NGBW - also known as Superfast Cymru).

4.10 ICT Infrastructure

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
ICT Infrastructure	Revenue*	8,326	(340)	7,986	8,386
	Capital	26,304	0	26,304	16,304
	TOTAL	**34,630**	**(340)**	**34,290**	**24,690**

*excludes non fiscal resource DEL of £1,309k

The £34.290m ICT Infrastructure budget supports the delivery of a number of key projects, including Superfast-Cymru project, Public Sector Broadband Aggregation (PSBA) and Access Broadband Cymru. There is a small reduction of £0.34m which reflects efficiency savings of £1.869m in delivery of the Superfast Cymru project offset by £1.529m for PSBA to the Welsh Government Invest to Save Fund. Improving telecommunications networks and assuring all parts of Wales have access to adequate broadband facilities for their economic needs is one of the seven high level priorities in our Wales Infrastructure Investment Plan. High quality ICT infrastructure is fundamental in creating a thriving, competitive digital economy and increasing growth, jobs and wealth.

By the end of the Superfast Cymru project, the total investment will be approximately £425m comprising £89.5m European Regional Development Funding; £56.9m UK Government funding; £28.6m EST capital budget, £30m Central Reserves funding and £220m private sector investment.

PSBA is a collaborative public sector activity based on a co-operative, shared ownership model. Its objective is to deliver effective, efficient and affordable connectivity that enables the entire

public sector in Wales to deliver services to meet the needs of citizens. PSBA has typically saved organisations around 20% compared to the prices they were paying previously for an independent network.

The new Access Broadband Cymru scheme is important to the implementation of the Welsh Government's Digital Wales Strategy which recognises the need to provide better, more cost effective and accessible services for citizens. The scheme aims to assist businesses, third sector organisations and communities to improve broadband speeds.

4.11 Property

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Property	Revenue	11,007	(856)	10,151	10,702
	Capital	10,152	(8,000)	2,152	2,152
	TOTAL	**21,159**	**(8,856)**	**12,303**	**12,854**

Property Related Infrastructure covers the management and development of the property portfolio, land reclamation activity and property offers to business. Activity is focused on meeting sector and spatial priorities within EST.

The reduction of £0.856m in the revenue budget reflects efficiencies in portfolio management arising from a review of partnership arrangements to achieve long term savings. The reduction to the capital budget reflects a specific allocation of £8m made in 2013/14 support land for development initiatives (using a similar model for Ely Mill).

4.12 Strategy and Corporate Programmes

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Propose d Budget £'000	2015/16 Indicative Plans £'000
Strategy & Corporate Programmes	Revenue	10,138	(725)	9,413	9,349
	Capital	59	9	68	79
	TOTAL	**10,197**	**(716)**	**9,481**	**9,428**

The 2014/15 budget of £9.481m supports the core funding for Finance Wales, Marketing, Health Challenge Wales Programme, National Loans Fund (NLF) repayments, and strategy support activity. It also supports the economic analysis and developments in

legislation which underpin many spending decisions.

4.13 Corporate Programmes

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Corporate Programmes	Revenue	3,294	(147)	3,147	3,083
	Capital	59	9	68	79
	TOTAL	**3,353**	**(138)**	**3,215**	**3,162**

The revenue reduction of £0.147m reflects efficiencies were identified in the operational costs of the Customer Relationship Management (CRM) database by re-scoping core ICT departmental programmes. The capital budget supports the NLF repayments profile.

4.14 Marketing

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Marketing	Revenue	2,815	0	2,815	2,815
	TOTAL	**2,815**	**0**	**2,815**	**2,815**

Marketing supports key campaigns and activities to help communication and success of delivery of the Department's programme and projects. The initiatives are particularly important to communicate offers to businesses and support the development of the Wales brand.

4.15 Finance Wales

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Finance Wales	Revenue	3,500	(500)	3,000	3,000
	Capital	0	0	0	0
	TOTAL	**3,500**	**(500)**	**3,000**	**3,000**

This budget provides an operating grant to Finance Wales who support the administration of investment funds for businesses. The operating grant has been reduced by £0.5m following identification of operational efficiencies.

4.16 Strategy Programmes

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Strategy Programmes	Revenue	529	(78)	451	451
	TOTAL	**529**	**(78)**	**451**	**451**

The budget supports the economic analysis and strategic engagement to inform key strategies spending decisions and the reduction will be managed in line with research requirements.

5.0 TRANSPORT

Transport has a critical role to play in improving Wales' economic competiveness and providing enhanced access to jobs and services. The current transport investment programme ensures that it is focused on improving Wales' economic competiveness. It is without question that an affordable, effective and efficient transport system is important in tackling poverty and is integral to delivering interventions and policies for growth and jobs. Therefore we continue to provide substantial investment in major transport infrastructure improvements, such as road improvements on the A477 St Clears – Red Roses; A470 Gelligemlyn and Maes yr Helmau – Cross Foxes; A487 Glandyfi, A465 Brynmawr to Tredegar A487 Caernarfon – Bontnewydd and Cardiff Eastern Bay Link. In recognising the role that rail plays in promoting economic growth and enabling greater access to jobs and services, we have chosen to invest to bring forward improvements in network capacity and the accessibility and quality of stations.

The links to the Written Statement below provides further information on our Transport infrastructure priorities:

http://wales.gov.uk/about/cabinet/cabinetstatements/2013/transport/?lang=en

http://wales.gov.uk/about/cabinet/cabinetstatements/2013/railpriorities/?lang=en

The statements on capital priorities were based on an assessment of the economic impact of planned schemes. The views of business groups were also sought to understand their priorities for investment.

It was assumed that projects currently under contract should be delivered as planned and projects that had secured other funding, for example European funding or a contribution from the Department for Transport for rail projects were prioritised. This work largely

confirmed the prioritisation carried out in 2011 but allowed consideration of new options in relation to the M4, the Eastern Bay Link and work on pinch points.

All projects are developed supported by detailed business cases. The procedures for delivery of a roads project require the project to undergo a sequence of assessments, checks and approvals in line with PRINCE2 principles at key stages. This includes following a monitoring and evaluation process that involves exercising financial control of spend, assesses technical compliance and provides assurance that funds are being used to bring about the anticipated benefits.

This procedure is intended to demonstrate, at each key stage, that the objectives and outcomes that formed the business case of the project will be achieved or, if not, provide the option for the project to be re-evaluated.

As projects providing improved road accessibility, the objectives will include improved safety, reliable and shorter journey times, transfer of traffic away from residential and sensitive environments, all being delivered sustainably and within budget.

The Monitoring and Evaluation Plan is established at the start and applied throughout the delivery process through regular reviews and reporting, end of stage checks and following the guidance on procedures.

As completion approaches, key assessments are carried out:

- The Final Gateway Report
- Contract Cost Reconciliation Report
- Design Effectiveness Report
- Stage Three Road Safety Report

These reports are then included in a Scheme Completion Report that summarises the previous Key Stage Reports and is the equivalent of the Highways Agency ‘POPE’ report.

To provide assurance that the new asset will be maintained effectively, the Project team hands over a comprehensive compilation of all the relevant documents in a digital format to the team that will be responsible for managing and operating the new asset.

Additionally, as part of the contract, there is a five-year aftercare period during which time the contractor maintains, repairs and replaces the essential mitigation measures. The success or otherwise of this is recorded.

In order to evaluate the impact the scheme has on the wider economy a review is commissioned and a report prepared on the

impacts, which can be quite considerable, particularly because a high proportion of the money spent on the construction finds its way into the local economy.

The procedures for delivery of rail projects and programmes are developed using the Five Case Business model, with emphasis placed on the cost/benefit ratio and maximising return on investment. Subsequently, gateway reviews are used to ensure that focus remains on the agreed business case purposes.

Where Welsh Government acts as the delivery agent all procurement is carried out using quality/cost criteria aimed at delivering value for money aligned to the business case purposes and critical success factors. Where third parties act as delivery agents, such as Network Rail, the Welsh Government would ordinarily enter into agreements that are usually regulated to minimise risk.

Project/Programme Boards drive governance, monitor procurement activity, risk and financial performance, and review deliverables against the agreed business case purposes.

In evaluating the National Transport Plan a regular statistical bulletin is produced and subject to continual assessment. Consideration will be given to the best way in which future transport plans should be developed.

5.1 Programme for Government Commitments

The table at Annex B provides a mapping of Programme for Government commitments with details of associated cost.

5.2 Provision for legislation

In progressing the Active Travel (Wales) Bill the existing route maps are anticipated to initially cost £352,300 in 2014/15 (including statement of conformity to the design and consultation requirements), then £146,100 every three years to remap. The integrated network maps are anticipated to cost £400,000 in the first three years, and subsequently around £44,000 every three years to remap.

Costs of making year-on-year improvements will be determined by budget availability. The costs of enhancing provision in new road schemes will be factored into the costs of existing schemes.

Amendments made at Stage 3 would have an estimated cost of £30,800 per annum.

These costs will be met from within Walking and Cycling and the strategy budgets.

Work on active travel is closely coordinated across the two Departments and funding for active travel primarily lies within the

portfolio. Transport officials are supporting the Minister for Culture and Sport in relation to the Bill and one official is assisting the Minister for Culture and Sport to progress work on the promotion of active travel.

There is no impact arising from any UK legislation on the Transport budget.

5.3 Preventative spending

In delivering better outcomes preventative spending measures are important for the long-term. In considering the impact of programmes and policy in concessionary fares, network management and road safety a significant element of the Transport budget may be attributed as preventative spend.

An assessment has been carried out to establish the benefits of the concessionary fares scheme from a preventative spend perspective. This found:

- £10.5 million in indirect health and social care benefits from the Concessionary fares scheme. These arose from delaying the need for local authority funded residential care because the concessionary fares scheme promotes both greater physical activity and more social interaction which both delay the onset of dementia. It also brought other cost savings for the NHS by reducing the number of or delaying the onset of various conditions.

- This means that for every £1 spent on concessionary fares, there is around 14p of savings in the health and social care budgets.

- In considering value for money the concessionary fares scheme is subject to the multi-annual agreement with bus operators and the process for reaching a new agreement requires that the principle of no net gain, no net loss is adhered to and the reimbursement rate tested.

5.4 Cardiff Airport

Transport budgets will support the future improvements to Five Mile Lane which are under consideration to improve the infrastructure around the Airport. The bus revenue support budget includes provision of £0.3m for the bus services to the Airport, which commenced on 1 August 2013.

Cardiff International Airport Limited operates under a business plan which has been agreed by the Welsh Government Holding Company. Progress will be monitored by tracking a number of key performance indicators such as increases in passenger numbers, improvement in customer experience and improved profitability.

6.0 TRANSPORT FUNDING OF SPENDING PROGRAMME AREAS

Compared to 2013/14, there is a £56.926m increase in the total Transport budget for 2014/15, comprising a revenue decrease of £18.749m and a capital increase of £75.675m.

	2013/14 Supplementary Budget £'000	2014/15 Proposed Budget £'000	2014/15 Changes £'000	2015/16 Indicative Plans £'000	2015/16 Changes £'000
Revenue	325,719	306,970	(18,749)	300,441	(25,278)
Non Cash	108,691	108,691	0	108,691	0
Capital	220,674	296,349	75,675	308,149	87,475
Total	**655,084**	**712,010**	**56,926**	**717,281**	**62,197**

6.1 Motorway & Trunk Road Network Operations

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Motorway & Trunk Road Network Operations	Revenue	65,521	(4,066)	61,455	60,307
	Capital	48,551	22,899	71,450	92,550
	TOTAL	**114,072**	**18,833**	**132,905**	**152,857**

The Welsh Government is directly responsible for the Motorway and Trunk Road Network, one of Wales' most important infrastructure assets. It supports the delivery of many of the Programme for Government commitments across most policy areas including, the economy, health and education and has a depreciated replacement cost of over £13bn. Adequate funding for network maintenance is therefore essential to maintain the condition and service levels required for the Welsh Government to meet its statutory duties for safety and achieve its wider policy objectives for Wales.

This budget funds capital maintenance and improvement of the existing road network. Additional capital allocations from central reserves in 2014/15 of £15m will support the M4 Brynglas tunnels – (£10m for carriageway reconstruction, safety and resilience projects) and A55 tunnels (£5m for route resilience and life safety improvements). The tunnels are a key part of the North and South Wales transport network underpinning economic development, growth and jobs

In addition following priorities set out in the written statement £7.899m has been allocated to remove pinch points on the road

network and to support a trunking programme. The M4 Corridor, A465 and Eastern Bay Link were identified as priorities.

Potential revenue savings of £3.4m on network operations have been estimated, although a detailed review is underway to ensure that these can be achieved with minimum impact on delivery. An additional reduction in the provision for third party claims £0.666m has also been identified.

6.2 Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Improve and Maintain Trunk Road Network (Domestic Routes)	Revenue	108,691	-	108,691	108,691
	TOTAL	**108,691**	**-**	**108,691**	**108,691**

This budget covers the annual depreciation of the trunk road network.

6.3 Rail & Air Services

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Rail & Air Services	Revenue	173,179	(9,211)	163,968	160,389
	TOTAL	**173,179**	**(9,211)**	**163,968**	**160,389**

The budget supports the Wales and Borders Franchise and Intra Wales Air Service. Affordability of the Wales and Borders Franchise is a particular concern in the long-term. The reduction of £9.21m represents an early estimate of potential savings, although realising savings will require significant negotiations with service providers and the UK Government.

6.4 Road and Rail Investment

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Road & Rail Schemes	Capital	109,916	41,850	151,766	152,166
	TOTAL	**109,916**	**41,850**	**151,766**	**152,166**

The budget funds road and rail capital improvements. In 2014/15 we are allocating £97.2m to deliver road infrastructure priorities and £54.6m to deliver rail investment projects. The increase of £41.85m includes additional capital allocations from central reserves of £8.3m to support the Ebbw Vale Town and Rail extension and station scheme, and £18.9m to support the South East Wales Integrated Transport project. In addition, capital funding of £14.65m has been reprioritised within existing EST budgets for the M4 Corridor, A465 & Eastern Bay Link.

The consultation to improve the M4 around Newport to address capacity and resilience problems was launched on 20 September 2013. In 2014/15 £2.7m is provided to support feasibility studies arising from the consultation. This is a major enhancement and discussions with the UK Government on borrowing powers are on-going to support the project. Securing value for money will be a key focus in the development of the project. This will be achieved through close management of every stage of project development and delivery and a strong emphasis on value engineering. Business leaders have been absolutely clear that improving the M4 around Newport is their top priority for the economy.

6.5 Improve & Maintain Local Roads Infrastructure

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
General Capital Funding - Roads	Capital	13,667	0	13,667	13,667
	TOTAL	**13,667**	**0**	**13,667**	**13,667**

This budget reflects the transport capital component of the local government settlement. This funding cannot be used for any other purpose.

6.6 Sustainable Travel

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Sustainable Travel	Revenue	82,302	(4,998)	77,304	75,502
	Capital	41,640	10,926	52,566	42,866
	TOTAL	**123,942**	**5,928**	**129,870**	**118,368**

This budget supports investment in integrated transport, walking & cycling, active travel, concessionary fares, smartcards and bus, rail and road funding to improve transport outcomes at a regional and local level through grant mechanisms available both to local authorities and via the Regional Transport Consortia.

Allocations for specific budgets are shown in the Budget Expenditure Lines included at Annex A. The budgets have been realigned following priorities laid out in the written statement. The revenue reduction of £4.998m across the sustainable travel budget has been estimated, although detailed reviews are underway to ensure that these can be achieved with minimum impact on delivery.
The capital budget of £52.566m in 2014/15 includes an additional allocation from central reserves of £9.8m for measures relating to the South East Wales Integrated Transport project.

Concessionary Fares: The budget shows funding for the concessionary fares scheme of £61m in 2014/15. This amount is supplemented by the local authorities. Discussions have commenced with the bus industry and local authorities on the duration and value of the next period of financial support. Until those negotiations are concluded this figure remains indicative.

The bus industry acknowledged and welcomed the introduction of the three year funding agreement in 2011. This provided them with certainty and stability and helped in forward planning. It proved useful to them in investment decisions, and the fleet profile across Wales is now probably the best it has ever been. Both the bus industry and local authorities have provided lessons learned papers on the current agreement to assist us in considering and negotiating a new agreement.

Regional Transport Services Grant (RTSG): Local Transport Services Grant and Bus Service Operators Grant both ended on 31 March 2013 and were replaced by RTSG. The principal aim of the Bus Funding Review that introduced the RTSG was to ensure that passengers throughout Wales can look forward to a stable and sustainable bus network, which is better co-ordinated with other public transport services.

The RTSG is administered by the Regional Transport Consortia who have a key part to play through their development of Regional Public Transport Strategies. These identify and prioritise public expenditure in support of bus and community transport services that take account of the needs of protected groups. The Regional Transport Consortia are working with bus operators, Bus Users UK in Wales, the Public Transport Users' Committee, and others, to identify bus and community transport networks that will make the most effective and efficient use of the new RTSG.

One of the main features of the new funding arrangements is that the Regional Transport Consortia have to undertake their own Equality Impact Assessments to establish the effects of decisions that they take about which bus and community transport services to support.

The budget supports three full-time Bus Compliance Officers employed by Bus Users UK in Wales. They monitor bus operators' performance and present their findings to the Traffic Commissioner where that is necessary. The Traffic Commissioner has powers to fine operators for failing to provide registered services or even remove their license to operate bus services.

Prior to the introduction of the RTSG, the community transport sector was supported by specifying that a minimum of 10% of the Local Transport Services Grant had to be spent in support of the sector. For the financial year 2012/13 the 10% under Local Transport Services Grant amounted to £990,000 whilst under Regional Transport Services Grant in 2013/14 our support amounts to £2.5m. Under the Regional Transport Services Grant, it is envisaged that 10% of the funding allocated to the Regional Transport Consortia will be available to support community transport services. This will continue to be the target in 2014/15, subject to the Minister's approval of the Consortia's Regional Network Strategies, which need to identify sufficient, good-quality community transport schemes.

6.7 Improve Road Safety

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Improve Road Safety	Revenue	4,717	(474)	4,243	4,243
	Capital	6,900	0	6,900	6,900
	TOTAL	**11,617**	**(474)**	**11,143**	**11,143**

The budget supports capital road safety engineering improvements on the trunk and local road networks. It also supports engagement and funding arrangements with external partners in the public, private and third sectors to achieve casualty reduction, using the road safety governance structures to support the implementation of the Road

Safety Delivery Plan. The Plan sets out our strategic approach to road safety to 2020.The reduction in the revenue budget of £0.474m has been achieved by efficiencies identified in funding arrangements with partnership organisations.

ECONOMY, SCIENCE & TRANSPORT

Annex A

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Sectors & Business	Sectors & Business	Legacy SIF	4029	Single Investment Fund	**2,360**	**1,703**	**1,703**
		Sectors	3765	ICT	7,466	6,820	6,461
			3764	Life Sciences	1,557	2,824	2,759
			3763	Financial & Professional Services	176	225	220
			3762	Creative Industries	1,880	1,284	1,254
			3761	Advanced Materials & Manufacture	1,309	2,371	2,317
			3760	Energy & Environment	2,546	2,200	2,150
			6250	Tourism	7,740	10,837	10,412
			6255	Strategic Industry and Support	3,925		
			3752	Construction	442	769	751
			3753	Pipeline Development	2,251	2,696	1,850
			3754	Trade and Inward Investment	2,142	2,142	2,116
			3755	Enterprise Zones	2,575	4,005	4,005
			4051	Regional Engagement	91	91	91
			3751	Centrally Controlled Programmes	107	0	0
					34,206	**36,264**	**34,386**
		Entrepreneurship	3901	Business Information	5,849	5,511	5,309
			3893	Youth Entrepreneurship	2,091	2,091	2,091
			3894	Social Enterprise & Economy	881	794	794
			3895	Start Up Service	5,702	4,702	4,702
					14,523	**13,098**	**12,896**
		Total SPA			**51,089**	**51,065**	**48,985**
	Innovation & Science	Innovation	3744	Innovation Centres & R&D Facilities	2,918	2,255	2,185

			3746 Academia & Business Collaboration	6,654	6,255	6,112
			3742 Business Innovation	1,815	1,382	1,351
				11,387	**9,892**	**9,648**
		Science	3745 Science	**2,882**	**3,310**	**3,234**
		Total SPA		**14,269**	**13,202**	**12,882**
	Total Group			**65,358**	**64,267**	**61,867**

Departmental Structure			CAPITAL		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Sectors & Business	Sectors & Business	Legacy SIF	4029	Single Investment Fund	**20,700**	**10,325**	**10,325**
		Sectors	3765	ICT	1,340	1,053	1,053
			3764	Life Sciences	0	5,855	15,855
			3763	Financial & Professional Services	377	1,065	1,065
			3762	Creative Industries	475	1,049	1,049
			3761	Advanced Materials & Manufacture	8,763	7,900	7,900
			3760	Energy & Environment	2,843	2,584	2,584
			3752	Construction	128	755	755
			3753	Pipeline Developments	19,423	36,298	36,787
			3755	Enterprise Zones	0	9,000	9,000
			3751	Centrally Controlled Programmes	157	0	0
			4051	Regional Engagement	0	260	260
			6250	Tourism	2,313	2,000	2,000
					35,819	**67,819**	**78,308**
		Total SPA			**56,519**	**78,144**	**88,633**
	Science & Innovation	Innovation					
			3746	Academia & Business Collaboration	500	500	500
					500	**500**	**500**
		Science	3745	Science	**3,113**	**11,479**	**2,479**
		Total SPA			**3,613**	**11,979**	**2,979**
	Total Group				**60,132**	**90,123**	**91,612**

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Infrastructure	Infrastucture	ICT Infrastructure	3822	Public Sector Broadband Aggregation	15,514	15,942	16,342
			3822	PSBA - Receipts	(12,528)	(11,398)	(11,398)
					2,986	**4,544**	**4,944**
			3860	ICT Infrastructure Operations	5340	3,442	3,442
					8,326	**7,986**	**8,386**
			3860	ICT Infrastructure Non-Cash	**1309**	**1,309**	**1,309**
		Property Infrastructure	4052	Land & Buildings - Expenditure	11007	10,151	10,702
					11,007	**10,151**	**10,702**
	Total Group				**20,642**	**19,446**	**20,397**

Departmental Structure			CAPITAL		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Infrastructure	Infrastucture	ICT Infrastructure	3822	Public Sector Broadband Aggregation			
			3860	ICT Infrastructure Operations	26,304	26,304	16,304
					26,304	**26,304**	**16,304**
		Property Infrastructure	4052	Land & Buildings - Expenditure	10,152	2,152	2,152
					10,152	**2,152**	**2,152**
	Total Group				**36,456**	**28,456**	**18,456**

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
	Major Events	Major Events	4231	Marketing & Major Events	4740	4,456	4,354

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
DGOT & Strategy	Strategy & Corporate Programmes	Corporate Programmes	3899	Health Challenge Wales Economy	999	999	999
			4028	National Loans Fund	1,686	1,677	1,666
			4023	Corporate Programmes & Services	609	471	418
					3,294	**3,147**	**3,083**
		Strategy Programmes	3891	Economic Analysis	211	133	133
			3897	Strategic Engagement	293	293	293
			3898	Strategic Policy	25	25	25
					529	**451**	**451**
	Marketing	Marketing	4230	Operations Marketing	2,815	**2,815**	**2,815**
	Finance Wales	Finance Wales	4024	Finance Wales	**3,500**	**3,000**	**3,000**
		Total SPA			**10,138**	**9,413**	**9,349**

Departmental Structure			CAPITAL		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
			4028	National Loans Fund	59	68	79
					59	**68**	**79**
		Total SPA			**59**	**68**	**79**

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Transport			1885	Network Operations	60,951	56,880	55,732
			1884	Network Asset Management & Support	4,570	4,575	4,575
		Motorway & Trunk Road Operations			**65,521**	**61,455**	**60,307**
		Improve and Maintain Trunk Road Network (Domestic Routes) - Non C	1886	Network Asset Management & Support	108,691	108,691	108,691
					108,691	**108,691**	**108,691**
			1890	Rail Franchise	171,579	162,368	158,789
			1883	Air Services	1,600	1,600	1,600
		Rail & Air Services			**173,179**	**163,968**	**160,389**
			2030	Sustainable Travel & Walking & Cycling	215	500	500
			1880	Bus Support & Local Transport	26,134	24,501	23,957
			2000	Concessionary Fares	54,453	51,303	50,045
			1881	Smartcards	1,000	500	500
			1882	Regional Transport Plans	500	500	500
		Sustainable Travel			**82,302**	**77,304**	**75,502**
			1892	Road Safety	4,717	4,243	4,243
		Improve Road Safety			**4,717**	**4,243**	**4,243**
	Total Group				**434,410**	**415,661**	**409,132**

Departmental Structure			CAPITAL		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Transport			1885	Network Operations	48,551	71,450	92,550
		Motorway & Trunk Road Operations			**48,551**	**71,450**	**92,550**
			1889	New Road Construction & Improvement Stud	1,100	1,900	1,900
			1888	New Road Construction & Improvement	69,708	95,266	118,366
			1891	Rail Investment	39,108	54,600	31,900
		Road and Rail Schemes			**109,916**	**151,766**	**152,166**
			2030	Sustainable Travel & Walking & Cycling	8,150	7,350	8,350
			1880	Bus Support & Local Transport	1,000	0	0
			2000	Concessionary Fares	9,433	9,716	9,716
			1881	Smartcards	7,500	2,100	600
			1882	Regional Transport Plans	15,557	33,400	24,200
		Sustainable Travel			**41,640**	**52,566**	**42,866**
			2040	General Capital Fund - Road	13,667	13,667	13,667
					13,667	**13,667**	**13,667**
			1892	Road Safety	2,900	2,900	2,900
			1891	Road Safety	4,000	4,000	4,000
		Improve Road Safety			**6,900**	**6,900**	**6,900**
	Total Group				**220,674**	**296,349**	**308,149**

EST BUDGET ACTION MAPPED TO PROGRAMME FOR GOVERNMENT COMMITMENTS

Annex B

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Legacy SIF	12,028	Growth and Sustainable Jobs	Supporting the economy and business	Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales
				Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
Sectors (including regional]	104,083	Growth and Sustainable Jobs	Supporting the economy and business	Build on the relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for companies and businesses to thrive and grow
				Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales
				Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
				Work with UK Trade and Investment (UKTI) and others to promote trade and investment opportunities through targeted trade missions and offices abroad
				Promote Wales as a destination making a high quality tourism offer
				Work to extend the tourism season and associated benefits
				Identify opportunities to improve visitor infrastructure and product in Wales
				Support investment in staff training and management to support a high quality [tourism] industry
				Introduce Enterprise Zones to strengthen the competitiveness of Welsh economy
		Rural Communities	A thriving rural economy	Invest in quality tourism businesses and market more effectively Wales' quality visitor attractions, accommodation and food
		Public Services in Wales	Supporting continuous improvement in our public services	Implement the Welsh Government's Digital Wales strategy, using digital technologies to open up opportunities and provide better and more cost effective and accessible services for all our citizens, businesses and communities
		Safer Communities for All	Reducing the level of crime and fear of crime	Seek to establish a Wales Business Crime Unit to tackle business crime
		Growth and Sustainable Jobs	Creating a sustainable, low carbon economy	Ensure that the First Minister takes overall Ministerial lead for energy policy. This will involve convening regular meetings of the key energy companies and co-ordinating the Welsh Government's Departments on this key agenda. We will look to pursue a mixed energy economy.
				Our aim is that by 2025 up to twice as much renewable electricity is generated annually in Wales as today. By 2050 our aim is that almost all our local energy needs are met by low carbon electricity production. (contributory)
				Work with industry to move to resilient low carbon energy production. We will bring together the major generators to share best practice in carbon reduction
		Culture and Heritage of Wales	Widening access to our culture, heritage and sport, and encouraging greater	Strengthen creative industries in Wales and increase the number of Welsh productions on the main television networks
				Press for a fairer share of TV production from UK broadcasters such as the BBC, for Wales-based independent production companies

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Entrepreneur ship & Business Information	13,098	Growth and Sustainable Jobs	Supporting the economy and business	Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow
				Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales
				Expect any business seeking Welsh Government support, including public procurement contracts, to sign up to our principles of corporate social responsibility, with a commitment to sustainable development, training and good employment practice. This will include supported employment settings such as Remploy.
				Review what entrepreneurial support is needed by start up and small firms with real potential to thrive and grow, and how we can embed an entrepreneurial culture in Wales
				Ensure that the mutual and cooperative sector has access to appropriate and robust business advice and that Ministerial lead will be in the Economy Department
				Implement the recommendations of the Welsh Government's commissioned report, Barriers to Procurement opportunities, across the public sector (contributory)
		Environment and Sustainability	Living within environmental limits and acting on climate change	Recognising and living within environmental limits, locally and globally, ensuring that all our policies take the environment into account in accordance with our statutory Sustainable development duty; stimulating and enabling collaboration across the Welsh public sector; working with business and voluntary sector partners; encouraging individual citizens and communities to live in an environmentally sustainable way, and providing leadership by acting now for the future. (contributory)
Innovation	10,392	Growth and Sustainable Jobs	Supporting the economy and business	Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales
				Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
Major Events	4,456	The Culture and Heritage of Wales	Widening access to our culture, heritage and sport, and encouraging greater	Work with Cardiff to explore the feasibility of bidding to host the Commonwealth Games in 2026
				Work with national, UK and international sports federations to ensure more major events are hosted in Wales in the future, ensuring that the whole of Wales reaps the benefits of this ambition
Deliver Property Related Infrastructure	12,303	Growth and Sustainable Jobs	Supporting the economy and business	Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Corporate Programmes	3,215	21st Century Healthcare	Preventing poor health and reducing health	Health Challenge Wales funding will contribute to preventing poor health and reducing health inequalities
Marketing	2,815	Growth and Sustainable Jobs	Supporting the economy and business	Use digital technologies to take Wales to the world and bring the world to Wales by establishing a web gateway on what Wales can offer - in terms of tourism, investment, educational opportunities and culture - to the outside world
		Public Services in Wales	Supporting continuous improvement in our public services	
Finance Wales	3,000	Growth and Sustainable Jobs	Supporting the economy and business	Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow
				Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales
				Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
Strategy Programmes	451	Growth and Sustainable Jobs	Supporting the economy and business	Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow
				Implement and further integrate our economic, education, skills and planning policies across all relevant Welsh Government departments and other delivery bodies. The overarching priority over the next Assembly term will be delivery. We will review and refresh our actions based on fresh evidence to ensure the maximum effectiveness and flexibility of all those Welsh Government departments and other organisations providing support for businesses
			Creating a sustainable, low carbon economy	Maintain our commitment to the Sustainable Development Scheme - One Wales One Planet - that sets out how the Government will use its devolved powers - from health, transport to education - to make all our public services sustainable and reduce Wales' environmental impact on the world (contributory)
		Tackling Poverty	Tackling worklessness and raising household income	Prioritise the National Transport Plan by improving access in deprived communities and retain free bus travel for pensioners, disabled people and their carers, and extend eligibility to seriously injured war veterans and armed forces personnel living in Wales
				Prioritisation of the National Transport Plan to improve access to key sites and settlements, particularly in rural areas, with an emphasis on improving the quality and provision of healthy and more sustainable travel choices
				Develop an Anti-Poverty Action Plan bringing together all the levers within the Welsh Government and our social partners to help communities and individuals out of poverty (Contributory)
		Environment and Sustainability	Living within environmental limits and acting on climate change	Recognising and living within environmental limits, locally and globally, ensuring that all our policies take the environment into account, in accordance with our statutory Sustainable Development duty; stimulating and enabling collaboration across the Welsh public sector; working with business and voluntary sector partners; encouraging individual citizens and communities to live in an environmentally sustainable way, and providing leadership by acting now for the future (contributory)

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Science	14,789	Growth and Sustainable Jobs	Supporting the economy and business	Encourage more young people to gain the skills that will develop Wales' potential for economic growth. Subjects such as science, technology, engineering and mathematics (STEM) are especially important in this regard. We will promote engagement in these subjects across the curriculum and age range into Higher Education and at postgraduate level, through the National Science Academy (NSA) which will be linked to the wider science agenda and the work of the new Chief Scientific Adviser for Wales
				Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
		Education	Improving Further and Higher Education	Promote engagement in science, technology, engineering and mathematics (STEM) subjects through the National Science Academy
Deliver ICT Infrastructure (including non cash]	35,599	Growth and Sustainable Jobs	Improving our infrastructure	Seek to ensure that all residential premises and all businesses in Wales will have access to Next Generation Broadband by 2015 with the ambition that 50% or more have access to 100mbps. As with the Welsh Government's previously successful Broadband Wales programme, we believe however that the Next Generation Broadband for Wales Project must be a balance between supply side & demand stimulation actions.
		Rural Communities	Ensuring rural communities have access to broadband and new digital services	Seek to ensure that fast broadband access is made available to rural areas
				Work with Ofcom to ensure that regulation is used as a tool to ensure that rural communities have access to faster broadband speeds and new digital services
		Public Services in Wales	Supporting continuous improvement in our public services	Implement the Welsh Government's Digital Wales strategy using digital technologies to open up opportunities and provide better and more cost effective and accessible services for all our citizens, businesses and communities
				Use these [digital] technologies to create even greater accountability and transparency in our democratic processes to ensure that all our citizens play a full part in society by making decision making information and services more accessible on-line

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Motorways & Trunk Road operations	132,905	Growth and Sustainable Jobs	Improving our Infrastructure [Transport Network Management]	We will review the arrangements for the winter road maintenance currently undertaken by local authorities and consider the potential for these being carried out by the Trunk Road Agencies in Wales
Improve and Maintain Trunk Roads network (Non cash)	108,691			
General capital funding roads	13,667			
Road & Rail Schemes	151,766	Safer Communities for All	Improving safety in communities [Transport Public Transport]	Implement the National Station Improvement Programme (NSIP)
		Growth and Sustainable Jobs	Improving our Infrastructure [Transport PPP]	Continue to argue strongly for the electrification of the main South Wales - London Paddington line through to Swansea. We will also develop the business case for the electrification of other parts of the local rail network in Wales
				Make the case to the UK Government for greater accountability of Network Rail to the Welsh Government
Rail & Air Services	163,968	Growth and Sustainable Jobs	Improving our Infrastructure [Transport Public Transport]	We will examine the feasibility of the Wales and Border rail franchise being run on a not-for-dividend basis, such as Glas Cymru
		Safer Communities for All	Reducing the level of crime and fear [Transport Public Transport]	Support action to deal with the increasing problem of crime and vandalism within the public transport network

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Sustainable Travel	129,870	Rural Communities	Improving public services for rural communities [Transport Public Transport]	Continue to encourage and support the development of community transport schemes that meet the needs of those living in rural areas
				Examine the best options for providing local bus services to ensure that rural communities have services which are reliable and which provide access to local services and a means to travel to work
				Prioritisation of the National Transport Plan to improve access to key sites and settlements, particularly in rural areas, with an emphasis on improving the quality and provision of healthy and more sustainable travel choices
		Tackling Poverty	Tackling worklessness and raising household income	Prioritise the National Transport Plan by improving access in deprived communities and retain free bus travel for pensioners, disabled people and their carers, and extend eligibility to seriously injured war veterans and armed forces personnel living in Wales
				Prioritisation of the National Transport Plan to improve access to key sites and settlements, particularly in rural areas, with an emphasis on improving the quality and provision of healthy and more sustainable travel choices
		Supporting People	Ensuring people receive the help they need to live fulfilled lives	Extended eligibility for the concessionary travel scheme to seriously injured war veterans and armed forces personnel living in Wales
		Growth and Sustainable Jobs	Improving our Infrastructure [Transport Public Transport]	Work with partners to enhance the quality, reliability and safety of local bus service provision
				Continue to improve services such as the Trawscambria network and the popular on-demand Bwcabus scheme
				Seek to establish a Traffic Commissioner based in Wales
				Retain free bus travel for pensioners and disabled people and their carers
				Delivery of 'Personalised Travel Planning' and 'Sustainable Travel Centres'
		Environment & Sustainability	Creating Sustainable Places for people	Legislate to place a duty to provide cycle routes in key areas (contributory)
		Safer Communities for All	Improving safety in communities	Target high-risk users (motor cyclists, young drivers and vulnerable road users) through a combination of measures including education, engineering and enforcement)
Improve Road Safety	11,143	Safer Communities for All	Improving safety in communities	Target high-risk users (motor cyclists, young drivers and vulnerable road users) through a combination of measures including education, engineering and enforcement)
				Enhance safety and accessibility in communities through initiatives such as Safe Routes in communities and local safety
Across all budgets	0	Growth and Sustainable Jobs	Improving our Infrastructure [Transport PPP]	Prioritise the objectives of the NTP to ensure that the existing transport funding is used effectively, the level of resources enhanced and that future investment decisions are made against these overarching strategic priorities
		A thriving rural economy	Rural Communities	
		Growth and Sustainable Jobs	Improving our Infrastructure [Transport PPP]	Consider using the provisions of the Transport Wales Act 2006 to establish one or more Joint Transport Authorities
	928,239			
Deliver Property Related Infrastructure (Non Cash)	20,000			
Motorway and Trunk Road operations (Non Cash)	28,946			
	977,185			

Agenda Item 4

Enterprise and Business Committee

Meeting Venue:	Committee Room 3 – Senedd
Meeting date:	Wednesday, 9 October 2013
Meeting time:	09:00 – 12:08

Cynulliad Cenedlaethol Cymru
National Assembly for Wales

This meeting can be viewed on Senedd TV at:
http://www.senedd.tv/archiveplayer.jsf?v=en_400000_09_10_2013&t=0&l=en

Concise Minutes:

Assembly Members:	Nick Ramsay (Chair) Byron Davies Keith Davies Rhun ap Iorwerth Alun Ffred Jones Eluned Parrott Joyce Watson
Witnesses:	Neil Buxton, Association of Community Rail Partnerships (ACoRP) Professor Stuart Cole, Wales Transport Research Centre, University of Glamorgan Business School Keith Howard, Porterbrook Kevin Tribley, Angel Trains
Committee Staff:	Siân Phipps (Clerk) Olga Lewis (Deputy Clerk) Andrew Minnis (Researcher)

1 Inquiry into Youth Entrepreneurship: Consideration of the Draft Report

1.1 The Committee considered this item in private session.

2 Introductions, apologies and substitutions (10.00)

2.2 Apologies were received from Mick Antoniw AM, Julie James AM and David Rees AM. There were no substitutions.

3 Inquiry into the Future of the Wales and Borders Rail Franchise (panel evidence session) (10.00-11.00)

3.1 The Committee took evidence from the representatives of Rolling Stock Companies - Angel Trains and Porterbrook Leasing Company Limited

4 Inquiry into the Future of the Wales and Borders Rail Franchise (panel evidence session) (11.15-12.00)

4.1 The Committee took evidence from Neil Buxton, General Manager, Association of Community Rail Partnerships and Professor Emeritus Stuart Cole, Wales Transport Research Centre, University of South Wales

5 Papers to note

5.1 The Committee noted the Minutes of the previous meeting (3 October 2013)

Y Pwyllgor Cyllid
Finance Committee

Cynulliad Cenedlaethol Cymru
National Assembly for Wales

2 October 2013

To: Nick Ramsay, Chair of E&B

Dear Nick

Scrutiny of the Welsh Government's Draft Budget – Equality Scrutiny Toolkit for Committees

In advance of the Welsh Government publishing its draft budget next week, I am writing to draw your attention to an equality scrutiny toolkit that has been developed for Members, to help build equality considerations into their budget scrutiny.

The two-page 'Fairness in Finance' toolkit has been designed by the Research Service in consultation with the Equality and Human Rights Commission. The Chair of the Communities, Equality and Local Government Committee, which conducted an inquiry into equality considerations in the Welsh Government's budget in 2012, has also been consulted.

Committee Members will be able to use this toolkit alongside their committee-specific budget briefing, and the training delivered to Members and their support staff by the head of CIPFA.

I hope that your Committee finds the toolkit useful in support of its financial scrutiny work.

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Croesewir gohebiaeth yn y Gymraeg a'r Saesneg/We welcome correspondence in both English and Welsh

Yours sincerely

Jocelyn Davies AM

Enc: Fairness in Finance toolkit

Fairness in Finance

A toolkit for scrutinising equality considerations in budgets

This toolkit aims to help Members build equality considerations into their financial scrutiny work to ensure financial decisions are fair. It complements briefing on general principles of financial scrutiny that is being delivered to Members and AMSS by the Head of CIPFA, Angela Scott and the Research Service.

Why is fairness in finance important?

The Welsh Government has a statutory equality duty under Section 77 of the *Government of Wales Act 2006*, and along with all public authorities in Wales, is also subject to the general equality duty in the *Equality Act 2010*.

The law requires public authorities to demonstrate that they have had 'due regard' to the aims of the equality duty in their decision making. For the budget process, this means the Welsh Government should have:

- assessed the equality impacts of its financial decisions during the **formative stage**, and if necessary considered different options and scenario testing;
- made financial decisions based on the best available **evidence**;
- been open and transparent by **engaging** beforehand with those who would be affected by its decisions.

Suggested considerations

When scrutinising financial decisions in terms of equality, Members may find it useful to consider the following questions:

How do decisions about budget allocations relate to the Welsh Government's Strategic Equality Plan (SEP) and objectives?

Scrutiny of the budgets should include holding the Welsh Government to account on how the proposed allocations will meet the objectives of its statutory **Strategic Equality Plan**, and championing the citizens' voice and public concerns about impacts on particular protected groups.

Is the purpose of the financial proposal clearly set out, and have the potential impacts been identified?

A robust **equality impact assessment** (EIA) will illuminate the impact of an increase or decrease in funding on different groups of people. It helps to **target resources where they are most needed**.

EIAs also offer a way of identifying potential problems, and for making small, **preventative** interventions at an early stage which remove the need for expensive remedies further down the line.

Where the Government is proposing changes to allocations, an equality impact assessment should set out the reasons for the change, the expected impact on protected groups, and the intended outcome.

It is also important to think about how individual financial proposals might relate to one another - a series of changes to different policies or services could have a cumulative impact on particular protected groups.

Has the impact assessment considered all available evidence? Are there any gaps in the data available, and if so how is this being addressed?

Public authorities should consider the information and research already available locally and nationally. The assessment of impact on equality should be underpinned by up-to-date and reliable information about the different protected groups that the proposal is likely to impact on.
A lack of information is not a sufficient reason to conclude that there is no impact.

Have potential positive and negative impacts been identified?

It is not enough to state simply that a policy will impact on everyone equally; there should be a more in-depth consideration of available evidence to see if particular protected groups are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

Have those likely to be affected by the proposal been effectively engaged?

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help to improve the equality information that is used to understand the possible impact of policy on different protected groups. No-one can give a better insight into how proposed changes will have an impact on, for example, disabled people, than disabled people themselves.

What has changed as a result of the impact assessment? Are there plans to alleviate any negative impacts?

Where the assessment indicates a potential negative impact, consideration should have been given to reducing or mitigating this impact, supported by an action plan that identifies responsibilities for delivery and timescales for implementation. This is crucial to reduce the likelihood that difficult decisions that need to be taken do not create or perpetuate inequality.

What plans are there to monitor the *actual* impact and outcomes from the proposal? What are the timeframes, and what mechanisms are in place to respond to any concerns? Can improved outcomes be demonstrated?

Although impact assessments can help to anticipate a proposal's likely effect on different communities and groups, in reality the full impact of a decision will only be known after it is introduced. It is therefore important to have robust arrangements for reviewing the actual impact of the proposals, and to be able to demonstrate improved outcomes through a reporting process.

This paper was produced by the Research and Committee Services, with assistance from the Equality and Human Rights Commission (EHRC).

Edwina Hart MBE CStJ AC / AM
Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth
Minister for Economy, Science and Transport

Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Nick Ramsey AM
Chair – Enterprise and Business
Committee
National Assembly for Wales
Cardiff Bay
Cardiff

9 October 2013

Dear Nick

I am writing to provide the Enterprise and Business Committee with an update on transport matters within my portfolio.

I was delighted when transport was added to my areas of responsibility in March because it plays such a crucial role in underpinning our economy.

I am clear that the priority is for a transport system that improves economic competiveness and provides enhanced access to jobs and services for communities across Wales.

I have taken the opportunity to test existing transport interventions in the light of their contribution to my wider economic development priorities and to consider the feedback that I have had from the business community and partners.

I have enclosed copies of my Written Statements on the M4 (26 June), on Transport (10 July) and on Rail Priorities (18 July), which set out the key transport projects that will delivered over the next few years.

There is no doubt that addressing the capacity and resilience issues on the M4 around Newport is the top transport challenge that we face in ensuring that

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Wales has the right transport infrastructure to enhance our economic competitiveness.

I set out the next steps on developing a solution in my Written Statement of 26 June and the formal public consultation on the draft plan to solve transport related problems affecting the M4 Corridor around Newport began on 23 September.

I am continuing to deliver a much broader programme of capital improvements across Wales and the detail of these schemes are set out in my Written Statements on Transport of 10 July and on Rail Priorities of 18 July.

I have placed particular emphasis on the importance of transport safety. I published the new Road Safety Framework at the end of July, which sets an ambitious vision for casualty reduction. I am also replacing current guidance on the safety of walked routes to school with new, more comprehensive guidance. The revised guidance will be in place early next year, and will address some longstanding concerns about the scope of the current GB-wide guidance.

I am also taking steps to improve the implementation of the Blue Badge Scheme and will update the Assembly on proposals in this area shortly.

This year I have continued to provide significant funding for a range of grants which support the development of safe routes in communities; the implementation of regional transport priorities and support for a number of organisations. I am implementing the first year of the new bus funding scheme. The Regional Transport Consortia have consulted on Regional Network Strategies that are intended to ensure that funding is directed to the routes that will make the most difference to people. Work is also on-going to develop quality outcomes that should ensure services reflect the standards that people care about.

As noted in my Written Statements, the South East Wales Integrated Transport Task Force and the North Wales Integrated Transport Task Force have both reported. I commissioned further work to develop the Metro concept and will be considering the report arising from that work shortly. In north Wales, I invited comments on the proposals from Assembly Members and local authorities in the area. A report setting out the views received will be presented to the Ministerial Task Force on North Wales Transport and will help inform decisions on next steps.

Given the challenging Spending Review outcome and the resulting budget position, I am looking very closely at every programme to ensure that each delivers real impact and offers value for money, but some difficult choices in the future are inevitable. These issues are covered in more detail in my budget evidence paper to the Committee.

I have set out progress on delivering transport Programme for Government commitments in the annex to the letter.

As requested, I will provide updates to the Committee every six months highlighting key developments.

Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT
BY
THE WELSH GOVERNMENT

TITLE **M4**

DATE **26 June 2013**

BY **Edwina Hart AM CStJ MBE, Minister for Economy, Science and Transport**

Addressing the capacity and resilience issues on the M4 around Newport is the top transport challenge that we face in ensuring that Wales has an effective economic infrastructure which improves our competitiveness and access to jobs and services.

Following Cabinet discussions earlier this week, I am therefore pleased to announce the next steps in relation to the M4 corridor in south east Wales.

As a result of ongoing discussions with the UK Government there has been a significant change in the assessment of the affordability of a major enhancement of the M4.

Building on the extensive development and consultation work undertaken on M4 Corridor Enhancement Measures (CEM), we will be consulting formally over the summer with Natural Resources Wales in order to go out to public consultation this September with a finalised draft Plan and Strategic Environmental Assessment (SEA) Report.

If implemented, the draft plan would lead to a motorway being built south of Newport.

Link to relevant reports :

- M4 CEM WelTAG Appraisal Report Stage 1 (Strategy Level)
- M4 Corridor around Newport WelTAG Appraisal Report Stage 1 (Strategy Level)

http://wales.gov.uk/topics/transport/publications/130626m4corridor/?lang=en

Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Rail priorities**

DATE **17 July 2013**

BY **Edwina Hart, Minister for Economy, Science and Transport**

In my Written Statement of 10 July I highlighted my key road projects for delivery and committed to update further on rail infrastructure priorities.

The railway provides an important means of connectivity to serve the needs of businesses, people and communities. While the funding of rail infrastructure is currently a matter for the Secretary of State for Transport, railway infrastructure has a role in facilitating the success of long-term economic planning and investment.

This is why the Welsh Government's approach has been to invest to bridge the gap in funding made available for the rail network in Wales provided by the UK Government. Our investment in rail capital projects and franchise services enables rail to play its part in promoting economic growth, enabling greater access to jobs and services, and reducing poverty for the people of Wales.

Following the assessment of delivery priorities referred to in my statement of 10 July, I can confirm that I will deliver our current programme of rail capital investment which includes:

- new stations at Energlyn, Ebbw Vale Town and Pye Corner.
- capacity enhancements and improvements at Tir Phil, Maesteg, Pontypridd, and supporting the Cardiff Area Signalling Renewal scheme (CASR).
- station improvements at Cardiff Queen Street and Central, Barry, Pontypridd and Caerphilly (in association with Network Rail's CASR); and at Port Talbot Parkway, Aberystwyth, Ystrad Mynach, Rhyl and Llandudno (under the Wales National Stations Improvement Programme).

A significant amount of work is under way on the Valley Lines electrification project to develop the proposal from that presented in the outline business case. To secure value for money I am exploring all options for procuring the rolling stock required, including refurbished and new options, looking at whole life costs and the wider economic benefits.

By the end of this year I expect a more detailed report on the potential service timetable and rolling stock options, coupled with further work on the infrastructure costs from Network Rail. This work will inform how the electrification project is taken forward.

I will also continue to press the UK Government to ensure the maximum benefits in Wales from the electrification of the Great Western Mainline

Electrification brings significant potential to introduce transformational change to the transport system in South East Wales. To capture this opportunity I have commissioned Mark Barry to carry out further work to develop the Metro concept.

Electrification also provides the potential for opportunities for employment and for growing supply chains through local sourcing of skills and materials, for improving our skills base in, for example, electrical engineering, and in securing community benefits. I have asked Network Rail to work closely with me to maximise these benefits in Wales.

I recognise the importance of long-term improvements to the North Wales rail network to the region's economy, and I will press ahead with the development of the business case for its modernisation.

In the short-term, taking account of the recommendations of the North East Wales Task Force on Integrated Transport, I have asked officials to work with MerseyTravel and others with a view to improving rail connections between the North Wales coast and Liverpool.

In developing this agenda for rail, as I said in my 10 July Statement, I am seeking to maximise value for money and the impact from our investment in public transport. In that regard, I shall be reviewing the processes and decision making behind the rail infrastructure project to reduce North - South journey times and redouble the railway between Wrexham and Saltney. The Welsh Government committed to this project in 2008 and contracted Network Rail to deliver it, but the project has been significantly delayed.

I will continue to press the UK Government to commit to capital investment in our rail network, as it is required to do. Even after projects such as electrification, journey times will remain lengthy for long distance journeys, and in many cases line speeds still need to be addressed. Many of our stations remain dilapidated, inaccessible and could not be described as fit for the 21st

Century. In the mean time I will continue to explore how other funding might become available to support investment, such as structural funds.

In addition to capital budgets being increasingly constrained following UK Government budget decisions, revenue budgets are under considerable pressure. The Welsh Government prioritised a series of rail service enhancements in 2011 on the basis of the revenue budgets being available. A consequence of the challenging economic climate and in-year revenue reductions from the UK Government is that I must be realistic about our ability to provide the funding for new or additional services.

In response I am considering whether there are more cost effective opportunities to work with local community groups to deliver new and additional services. For example, I met members of the Heart of Wales Line Forum and a number of Assembly Members recently to discuss plans they are exploring for different management arrangements and a better alignment of services with the needs of people and communities. I shall continue to work with them on that.

I am committed to improving transport services in Mid Wales. In terms of the Cambrian Main Line hourly service, the way is clear for an operator to introduce additional services though it is important to be mindful of the tough financial settlement we are facing. I have asked the Shrewsbury to Aberystwyth Railway Liaison Committee to co-ordinate work with the other rail interest groups to investigate the demand for rail services. I will also consider the strategic role of the Marches line between Newport and Shrewsbury/Wrexham. I have been clear that this should complement the work of the Local Growth Zones and be consistent with the tourism strategy.

Accordingly, initially for the Cambrian Line and the Heart of Wales Line, my tourism sector panel will provide a view on the feasibility of proposals for summer tourist trains on a trial basis. I will make an announcement for summer 2014 in due course.

It is vital that we set things right for the future. I am focusing work on securing the right arrangements and specification for the next Wales and Borders franchise. I have been clear that we can not afford to be in the same position where the terms of a franchise agreement limit our ability to react to a changing economic climate and provide services where they are required.

Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT
BY
THE WELSH GOVERNMENT

TITLE **Transport**

DATE **9 July 2013**

BY **Edwina Hart AM CStJ MBE, Minister for Economy, Science and Transport**

The Welsh Government's overall aims in relation to transport are set out in the Wales Transport Strategy.

I am clear that transport has a critical role to play in improving Wales' economic competiveness and provides enhanced access to jobs and services.

I see transport as a key enabler for many of this Government's priorities and supporting the delivery of the Programme for Government. I recognise that in thinking about transport we must focus on how it can serve the needs of businesses, people and communities. It is my intention to ensure that Wales has excellent national and international connections, enabling access to markets, to employment, education and services. I also believe that providing affordable, effective and efficient transport systems can play an important role in helping to tackle poverty.

Since taking on the transport portfolio, I have had the opportunity to review investment in transport in light of its contribution to my wider economic development priorities. This enabled me to see new opportunities for transport solutions and consider the feedback I have had from the business community and partners. Progress in discussions with the UK Government on financing options is also opening up opportunities that we have not been able to consider up to now.

This statement highlights key road projects for delivery in the remainder of this Assembly, recognising that progress will be subject to statutory consents and funding availability. I intend providing a further update to Assembly Members before the summer recess of rail infrastructure priorities.

I have already made a written statement on 26 June on my intention to consult on a draft plan and associated assessments for the M4 corridor around Newport in September, that, if implemented, would lead to a motorway being built to the South of Newport, addressing capacity and resilience problems on this key artery widely recognised as essential to

support the Welsh economy.

In addition, I intend to progress the Eastern Bay Link in Cardiff and an upgrade to Junction 28 on the M4. These projects are an important element in improving access to the Central Cardiff Enterprise Zone and enhancing connectivity within the city region.

The A465 remains a priority and I will progress the remaining phases of the dualling in view of the route's strategic importance for the Upper Valleys, Ebbw Vale Enterprise Zone and as an national and international link.

To improve access to the St Athan - Cardiff Airport Enterprise Zone, I will fund improvements to Five Mile Lane.

I will continue to deliver key schemes already under construction. These include improvements on the A477 St Clears - Red Roses; A470 Gelligemlyn and Maes yr Helmau – Cross Foxes; A487 Glandyfi, A465 Brynmawr to Tredegar.

I will also continue to progress the A483/A489 Newtown bypass and A487 Caernarfon-Bontnewydd where, in both cases, I have made recent announcements.

I will be setting aside funding for scheme development to ensure that we can progress the development of other schemes, this will include the next stages studies on improvements to the A494, the A40 and the Dyfi bridge.

These major projects are important but it is obvious from conversations with businesses and people across Wales that smaller, targeted improvements to tackle pinch points and improve the efficiency of the network across Wales have the potential to make a real difference. The following improvements will be delivered over the next two years:

- M4 Port Talbot Junction 40 to J 41
- A483 Newtown town centre congestion
- M4 J32 Coryton dedicated slip road
- A55 Emergency refuges
- M4 J33 dedicated slip road

In addition, further study work on certain other pinch points will continue in the next year, specifically:

- A487 Dyfi Bridge drainage study
- A55 Britannia Bridge congestion study

Further projects will follow in future years.

I will ensure that there is a clear pipeline of further projects that can be delivered as funding becomes available.

In recognition of their strategic national importance, I have also asked for consideration of additional routes and sections to be included as part of the Trunk Road Network. These routes will support a combination of enterprise zones, end to end connectivity, tourism and access to commercial and business centres as well as providing resilience for the Trunk Road Network. I have asked for discussions to begin with Local Authorities to re-define the Welsh Trunk Road Network.

I have considered carefully how transport investment can help drive the development of the Enterprise Zones.

As noted earlier in this statement, the Eastern Bay link and improvements along the M4 have an important role to play in stimulating the Central Cardiff Enterprise Zone. Similarly, improvements to Five Mile Lane and the development of a new railway station and line extension to Ebbw Town will benefit the Enterprise Zones in St Athan – Cardiff Airport and at Ebbw Vale respectively.

Improving the A40 has been identified as a priority by the Haven Waterway Enterprise Zone Board and I intend to undertake further development of previously proposed improvements. I also intend progressing further study work on the options for improvements to the A494, which is important to the Deeside Enterprise Zone.

The development of the business case for north Wales rail modernisation and progressing improvements to the A55, including the Conwy Tunnels, will also support the ambitions of the Deeside, Snowdonia and Anglesey Enterprise Zone Boards.

More broadly I am making substantial investment in both bus and rail transport services, in road safety and in active travel measures. I am continuing to look to secure maximum value for money and impact from this investment. Further updates on rail infrastructure priorities and on the outcome of the work of the North East Wales Integrated Transport Task Force will follow before the summer recess.

I believe that these transport measures will provide a solid basis for strengthening the Welsh economy.

Transport commitments in Programme for Government

Commitment	Progress
Delivery of 'Personalised Travel Planning' and 'Sustainable Travel Centres'	• Good progress in delivering this commitment • The Personalised Travel Planning project is being delivered in Cardiff • Funded Sustainable Travel Centres in Cardiff, Haverfordwest and Carmarthen, Aberystwyth and Mon a Menai • The Sustainable Travel Centre programme has now been mainstreamed into the Regional Transport Plan Grant
Prioritise the objectives of the National Transport Plan to ensure that the existing transport funding is used effectively, the level of resources enhanced and that future investment decisions are made against these overarching strategic priorities	• Complete • Published the prioritised the National Transport Plan in December 2011 • The Plan was prioritised to ensure that investment was focused on key priorities in the context of substantially reducing budgets • Published two recent Written Statement on road and rail priorities
Consider using the provisions of the Transport Wales Act 2006 to establish one or more Joint Transport Authorities	• Keeping these options, and alternative delivery models, under review • This is linked to plans in relation to City Region and the development of the Metro
We will review the arrangements for winter road maintenance currently undertaken by local authorities and consider the potential for these being carried out by the Trunk Road Agencies in Wales	• Revised winter road maintenance guidance was issued in October 2010 and subsequently revised in Sept 2011. Latest 2012 Guidance was issued to Agents prior to the winter maintenance season • We have worked in partnership with local government to establish levels of strategic resilience stocks that Welsh Government and individual authorities each hold to ensure that Wales is self sufficient in road salt if further adverse winters are experienced • Strategic salt resilience are now at a level season that winter maintenance services should be maintained without having to top up in season or introduce salt conservation measures if adverse conditions restrict UK salt supplies • An All Wales Weather Forecasting Framework Contract is currently used by the majority of local authorities to ensure consistency of forecasts and resulting winter service actions undertaken being coordinated • A strategic salt network Liaison Group has been formed between local authorities and salt suppliers • Arrangements are in place for mutual aid provision
We will examine the feasibility of the Wales and Border rail franchise being	• Making good progress with this commitment • Scoping work and assessment of commercial options underway to inform decision making

Commitment	Progress
run on a not-for-dividend basis, such as Glas Cymru	
Make the case to the UK Government for greater accountability of Network Rail to the Welsh Government	• We are making good progress on this commitment • The establishment of a Wales Route within Network Rail has made a positive impact in connecting Network Rail to Welsh Government and priorities in Wales
Continue to argue strongly for the electrification of the main south Wales-London Paddington line through to Swansea	• Implementation • Welsh Government led the development of the business case Great Western Mainline electrification between Cardiff and Swansea which was accepted by the Secretary of State for Transport and these projects were included in the HLOS announcement in the summer
We will also develop the business case for the electrification of other parts of the local rail network in Wales	• Implementation • Welsh Government led the development of the business case for Valleys Lines electrification which was accepted by the Secretary of State for Transport and these projects were included in the HLOS announcement in the summer • Strategic context for business case for north Wales rail modernisation submitted
Seek to establish a Traffic Commissioner based in Wales	• Activity dependent on outcome of initial stage • The Welsh Government has made an office on its estate available for the Traffic Commissioner to use when conducting business in Wales • The office is also available to the three Bus Compliance Officers whose posts we are funding, and who have been employed by Bus Users UK in Wales since 5 November 2012
Work with partners to enhance the quality, reliability and safety of local bus service provision	• There has been good progress on this commitment • A new bus funding scheme has been introduced which places emphasis on developing quality outcomes with passengers • I am developing a series of quality outcomes that bus operators will need to deliver in the future in return for Welsh Government funding • Also developing a Charter for Disabled Public Transport Passengers to enable them to identify quickly those operators that demonstrate a commitment to making their journeys high quality, safe and reliable • The Welsh Government Statistical Bulletin 24/2012 published on 22 March 2012, identified that 88% of bus passengers surveyed were satisfied overall with their bus journey • In the same survey, 88% of bus passengers surveyed said that they were satisfied with the provision of information about bus services
Continue to improve services such as the Trawscambria network and the popular on-	• There has been good progress on this commitment • The TrawsCymru T4 service between Newtown to Cardiff via Brecon and Merthyr Tydfil started in March 2012. The

Commitment	Progress
demand Bwcabus scheme	service uses six new, low floor, buses funded by the Welsh Government at a cost of £1m • The Bwcabus scheme has been expanded in rural Carmarthenshire and Ceredigion
Retain free bus travel for pensioners and disabled people and their carers	• Complete – this is reflected in the eligibility for our concessionary fares scheme • The scheme continues to allow pass holders who satisfy their local authority that they require the extra help of a companion to be accompanied for free during their journeys
Extended eligibility for the concessionary travel scheme to seriously injured war veterans & armed forces personnel living in Wales	• Seriously injured service personnel and seriously-injured service veterans resident in Wales are entitled to free travel on local bus services throughout Wales • Subject to the assessment of the responsible local authority, service pass holders are also entitled to be accompanied for free by one carer
Implement the National Station Improvement Programme (NSIP)	• There has been good progress on the NSIP+ programme • The next phase of the NSIP+ programme was announced on 7 November 2012. This includes station improvements at Pontypridd, Port Talbot Parkway, Rhyl, Ystrad Mynach and at Aberystwyth stations • This follows previous investment under the NSIP programme including the £7.9m refurbishment of Swansea Train Station, the £1m enhancement of Porthmadog Harbour Station and the £5.1m improvement of Llandudno Train Station which is under construction
Target high-risk road users (motor cyclists, young drivers and vulnerable road users) through a combination of measures including education, engineering and enforcement	• Good progress on this commitment • Published the Road Safety Framework in July 2013 • The Framework includes an ambitious vision of zero fatalities, targets for casualty reduction and specific action on us and our partners to achieve further casualty reductions • The Plan focuses on vulnerable groups that includes motorcyclists and young people
Enhance safety and accessibility in communities through initiatives such as Safe Routes in Communities and local safety schemes	• Good progress on this commitment • Published the Road Safety Framework in July 2013 • The Framework includes an ambitious vision of zero fatalities, targets for casualty reduction and specific action on us and our partners to achieve further casualty reductions • In 2013-14 year we have allocated £6 million to local authorities for education, publicity, training and engineering schemes to help reduce road casualties • Also funding £5m of Safe Routes in Communities projects. The scheme criteria have been updated for 2013-14 to include a weighting for tackling poverty • Review guidance to assist local authorities in assessing safe walking routes to school for learners
Support action to deal with	• 70 % of Arriva Trains Wales passengers are satisfied

Commitment	Progress
the increasing problem of crime and vandalism within the public transport network	that they will be safe at a railway station, rising to 86% when they are on the train. Both figures have risen in the past year. • 75% of bus passengers in Wales are satisfied that they will be safe at a bus stop, rising to 84% when they are on a bus • The corresponding figures for disabled passengers are 73% and 84%, respectively
Prioritise the National Transport Plan by improving access in deprived communities and retain free bus travel for pensioners, disabled people and their carers, and extend eligibility to seriously injured war veterans and armed forces personnel living in Wales	• Good progress on this commitment • Published the prioritised the National Transport Plan in December 2011 • Published two recent Written Statement on road and rail priorities • The Plan was prioritised to ensure that investment was focused on key priorities in the context of substantially reducing budgets including ensuring investment that would improve the connectivity of deprived communities – for example the substantial investment in the A465 Heads of the Valleys Road • The continuing Welsh Government commitment to retain free travel for older and disabled people and their carers is an important element of the Welsh Government tackling poverty agenda • Seriously injured service personnel and seriously-injured service veterans resident in Wales are entitled to free travel on local bus services throughout Wales • Subject to the assessment of the responsible local authority, service pass holders are also entitled to be accompanied for free by one carer • Recently announced plans to improve the implementation of the Blue Badge Scheme in Wales to promote independent mobility, social inclusion, equality of opportunity and access for disabled people who meet the eligibility criteria
Prioritisation of the National Transport Plan to improve access to key sites and settlements, particularly in rural areas, with an emphasis on improving the quality and provision of healthy and more sustainable travel choices	• Complete • Published the prioritised the National Transport Plan in December 2011 • The Plan was prioritised to ensure that investment was focused on key priorities in the context of substantially reducing budgets. This included retaining a strong focus on healthy and sustainable travel choices • Accessibility of services statistics; using public transport: • Around 91% of households in Wales are within a 15-minute journey time of a primary school • Approximately 56% of households are within a 15-minute journey time of a secondary school • Some 63% of people are within a 15-minute journey time of a higher, further or adult education establishment • Around 27% of people aged 16 or over are within a 15-

Commitment	Progress
	minute journey time of a key employment centre • Some 87% of households are within a 90-minute journey time of a major NHS acute hospital by public transport • Approximately 76% of households are within a 15-minute journey time of a GP surgery • 82% of households are within a 15-minute journey time of a pharmacy
Examine the best options for providing local bus services to ensure that rural communities have services which are reliable and which provide access to local services and a means to travel to work	• Good progress in delivering this commitment • Introduced a new scheme for funding bus and community transport services in Wales from 1 April 2013 which will be supported by the development of network strategies which will ensure that our investment in buses and community transport is going where it is needed most • The work that has been undertaken to develop the new funding scheme has recognised throughout that there are different priorities and issues affecting urban, and rural communities • Also investing in TrawsCymru and Bwcabus to support the needs of rural communities
Legislate to place a duty to provide cycle routes in key areas	• Good progress of delivering this commitment • The Active Travel Bill completed Stage 3 and 4 scrutiny in the Assembly in October 2013 and Royal Assent is anticipated in November 2013
Continue to encourage and support the development of community transport schemes that meet the needs of those living in rural areas	• Local Transport Services Grant requires local authorities to use 10% (£1.1m in 2012-13) of their allocations to support community transport. The new Regional Transport Services Grant from April 2013 retains a ring-fenced element for community transport (£2.5m). These commitments reflect the importance of community transport, including in rural areas. • We continue to support financially the work of the Community Transport Association in Wales, which is developing the expertise and resilience of the sector.