



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

Y Pwyllgor Menter a Busnes The Enterprise and Business Committee

**Dydd Mercher, 13 Gorffennaf 2011
Wednesday, 13 July 2011**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included

Aelodau'r pwyllgor yn bresennol**Committee members in attendance**

Andrew R.T. Davies	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour
Kenneth Skates	Llafur Labour
Joyce Watson	Llafur Labour
Leanne Wood	Plaid Cymru The Party of Wales

Eraill yn bresennol**Others in attendance**

Leighton Andrews	Aelod Cynulliad, Llafur (Y Gweinidog Addysg a Sgiliau) Assembly Member, Labour (The Minister for Education and Skills)
Jeff Collins	Cyfarwyddwr, Trafnidiaeth Director, Transport
Jeff Cuthbert	Aelod Cynulliad, Llafur (Y Dirprwy Weinidog Sgiliau) Assembly Member, Labour (The Deputy Minister for Skills)
Owen Evans	Cyfarwyddwr, Grŵp Sgiliau, Addysg Uwch a Dysgu Gydol Oes Director, Skills, Higher Education and Lifelong Learning Group
Tim James	Dirprwy Gyfarwyddwr, Rhwydweithiau a Chynllunio Deputy Director, Networks and Planning
Emyr Roberts	Cyfarwyddwr Cyffredinol Addysg a Sgiliau Director General Education and Skills
Carl Sargeant	Aelod Cynulliad, Llafur (Y Gweinidog Llywodraeth Leol a Chymunedau) Assembly Member, Labour (The Minister for Local Government and Communities)

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**National Assembly for Wales officials in attendance**

Ryan Bishop	Dirprwy Glerc Deputy Clerk
Gareth Pembridge	Cynghorydd Cyfreithiol Legal Adviser
Meriel Singleton	Clerc Clerk

*Dechreuodd y cyfarfod am 10 a.m.
The meeting began at 10 a.m.*

Ymddiheuriadau a Dirprwyon Apologies and Substitutions

[1] **Andrew R.T. Davies:** Good morning to you all. Welcome to the first full session of the Enterprise and Business Committee. First, I will do some housekeeping rules. The meeting will be held bilingually, and headsets are available—translation is on channel 1 and amplification is on channel 0. Members and committee guests should turn off their mobile phones, BlackBerrys and any other electronic devices, as they interfere with the microphones. The microphones for this meeting will come on automatically, so there is no need to touch them—if you do so, they will cease functioning. In the event of a fire alarm—which we are not expecting—the ushers will lead us out of the building, so please follow their directions. We appear to have a full complement of Members. Ken has just stepped out briefly, but I do not think that there are any apologies or substitutions to be announced formally.

10.02 a.m.

Craffu ar Waith y Gweinidog: Addysg a Sgiliau Ministerial Scrutiny Session: Education and Skills

[2] **Andrew R.T. Davies:** We will now move on to the formal part of the meeting. I welcome the Minister for Education and Skills, Leighton Andrews, the Deputy Minister for Skills, Jeff Cuthbert, Emyr Roberts, director general of the department, and Owen Evans, director of the skills, higher education and lifelong learning group. We have received the papers that were submitted and we have questions that we would like to ask. Would the Minister or the Deputy Minister like to say a few words before we start our questioning session?

[3] **The Minister for Education and Skills (Leighton Andrews):** We are looking forward to working with the committee during the lifetime of this Assembly.

[4] **The Deputy Minister for Skills (Jeff Cuthbert):** I endorse that.

[5] **Andrew R.T. Davies:** You are a loyal Deputy Minister, Jeff. Thank you, gentlemen, for coming. I will start the questions. The Welsh Government's support for skills and growth is targeted at six priority growth areas that were identified in the third Assembly's economic renewal programme. How will the development of skills in the other business sectors be taken forward by the Government?

[6] **Leighton Andrews:** The economic renewal programme, developed by the One Wales Government, was a cross-Government initiative. My department was fully involved in the development of the programme through the previous economic renewal Cabinet committee. We were very engaged in the development of the initiatives around the six priority areas and we are working very much in support of that programme. Skills have been identified by the business community as one of its key priorities for the economic renewal programme, which was important to us. The department is not just engaged with skills development in those six growth areas. I will ask the Deputy Minister to say a few words about that.

[7] **Jeff Cuthbert:** I can confirm that there are three priorities for the skills agenda: the first is helping people back into work, the second is raising youth engagement and employment and the third is releasing the full potential of skills as a driver for economic progress and renewal. Skills support will be across all companies and occupational areas in

Wales—it will not just be focused on the priority areas. Whether you look at it from the perspective of basic skills or leadership and management, those opportunities will be available to all employers and in all sectors. One key way of delivering this will be through the workforce development programme; that is a flexible approach, whereby companies tell us what they need and we seek to work with them to deliver it. Skills will be a key aspect of our work to strengthen the Welsh economy.

[8] **Andrew R.T. Davies:** Thank you for that answer. What role will the six new employer-led sector panels take in influencing skills growth?

[9] **Leighton Andrews:** They will have the opportunity to make recommendations to us for any demands that they have.

[10] **Kenneth Skates:** Last month, the UK Commission for Employment and Skills published ‘The National Strategic Skills Audit for Wales 2011’, which identifies a number of high-priority skills needs, which require immediate action. Do you agree with those identified priorities for immediate action? If so, what action will you be taking to address them?

[11] **Leighton Andrews:** We feed into the UK Commission for Employment and Skills through the Welsh representative, who has been Sir Adrian Webb over the last few years. Therefore, I think that we have had our own opportunity, through Adrian’s work alongside the Wales Employment and Skills Board, to help shape input into that. Clearly, we would recognise those priorities as also being important to us.

[12] **Jeff Cuthbert:** The audit rightly points out the growing areas of demand, such as health associate professions, including nursing, because, as you know, we are an ageing population. That will be crucial for our future. The demand for workers in the skilled trades and occupations is not so much in response to an increasing demand for such skills, but, to a large extent, for the retirement of the current workforce and the need for replacements. That is why we have an ongoing commitment to our apprenticeship programme in its various forms to try to make sure that, as young people come through the system, they are given the skills necessary to make them useful and productive workers. That is a process that has just been completed, through what we call project secure 3, to contract with work-based learning providers in the light of our priorities for skills development.

[13] **Kenneth Skates:** What progress has the Welsh Government made on setting up a new labour market intelligence unit? How will that complement the work of the existing Learning and Skills Observatory for Wales?

[14] **Leighton Andrews:** Shortly after Owen Evans joined the department, we identified the need for more effective labour market intelligence, working with employers. Our feeling was that the most up-to-date labour market intelligence was not necessarily finding its way into careers planning or into schools. Therefore, there has been an extensive exercise internally within the department to take that forward.

[15] **Jeff Cuthbert:** It is clearly absolutely crucial, as we review qualifications and ensure that our skills’ focus is right, that it is on the basis of good solid labour market intelligence. It will build upon the work, as you point out in terms of the skills observatory, which is already doing work in this regard. We will seek to develop that link.

[16] **David Rees:** In your written evidence on section 3b, you identify that the Welsh Government is committed to retaining an all-age apprenticeship programme, which you have already mentioned. Increasingly, the emphasis will be on creating opportunities for those under 25 years of age. Can you discuss the reasons as to why that emphasis is now changing?

[17] **Leighton Andrews:** I think that we recognise that, particularly during the recession, there has been a significant impact on the employment of young people, including graduate employment, and we feel that, in the light of decisions that have been taken by the UK Government, for example, to scrap the former Future Jobs fund, which we believe was of very significant benefit to Wales—we had many projects under way under that programme throughout Wales—we need to be clear about our own response to youth unemployment and economic inactivity among young people. Therefore, we feel that we need a stronger focus on young people within this programme.

[18] **Jeff Cuthbert:** That is not to suggest that there will be no opportunities for older workers to take up an apprenticeship programme, but, as the Minister says, we have to recognise the effect of joblessness and worklessness on young people. There will be a focus on providing opportunities through apprenticeships, wherever that is possible, which will include shared apprenticeships. We recognise that many companies in Wales are very small and have limited resources. It is difficult for them, in their occupational area, to provide all the means to take an apprenticeship and provide the relevant opportunities by themselves. Some piloting work has been done in construction and engineering to develop the scheme of shared apprenticeship, as its name suggests, among a number of employers, and we look forward to that continuing.

[19] We also have the young recruits programme, which encourages employers to take on apprentices, and they receive a wage subsidy of £50 a week for that. Also, there are the Pathways to Apprenticeships, whereby young people will have the opportunity of an intensive, one-year FE college course to get them on their way to a complete apprenticeship.

[20] **David Rees:** You mentioned shared apprenticeships, which will deal with small businesses in particular, but do you have a policy for dealing with apprenticeships that may cease as a contract finishes, leaving apprentices in limbo, in effect?

[21] **Jeff Cuthbert:** The first thing that I inherited was the project secure outcomes. There were some in that situation of being somewhat in limbo, but I assure you that we are doing all that we can to work with providers, so that the number of apprentices who may find themselves redundant at the end is kept to an absolute minimum. We cannot guarantee that there will not be any, but we are doing our very best to ensure that the disruption to their training is as minimal as possible.

[22] **David Rees:** You talked about the Pathways to Apprenticeships programme's college-based learning. Is there a policy to link that to future employment as a consequence of their first year of training?

[23] **Jeff Cuthbert:** Certainly. We encourage strong links between the FE side, whether it is for apprenticeships or anything else, and the local employment market. We will be looking for those clear links to be developed and for young people to move seamlessly, hopefully, from the Pathways to Apprenticeship programme into a full apprenticeship with an employer.

[24] **David Rees:** You also mentioned that this programme is linked to 10 sectors. Are those sectors linked to the six priority sectors of the ERP?

[25] **Jeff Cuthbert:** They include those. Much of this is for the Department for Business, Enterprise, Technology and Science—I am sure that you will at some point interrogate the Minister on that. We will certainly be looking to the sector panels to ensure, as I said in reply to an earlier question, that all aspects of all occupational areas will be served by our skills programme. Certainly, we will be looking to ensure that those priority areas in particular—the 10 sectors that you mentioned—will be provided for as equally as possible.

[26] **Julie James:** I have a question about the excellent shared apprenticeship schemes. There is a pilot scheme in my constituency that is working very well. How will we publicise the existence of those schemes to small employers who think that they are not big enough to take on an apprentice and do not necessarily know about those schemes? Similarly, how are we going to publicise them to NEETs, particularly young men who are hard to reach? We encounter many such men in going around our constituencies, and, while I have been doing a little bit by word of mouth, telling them about it, have you given any thought to how you might publicise some of those excellent schemes?

[27] **Leighton Andrews:** We have had a number of schemes running that have been very much focused on people who are in hard-to-reach groups. For example, the previous JobMatch programme, which ran in the Heads of the Valleys area, and similar programmes that have run in a number of strategic regeneration areas, have involved people going out to those groups, wherever they may be, in community settings in order to open up, in almost a soft way, if you like, opportunities for dialogue about a variety of different initiatives. Under previous programmes, with support from us and from the Department for Work and Pensions, we have been able to put in place quite effective training programmes and other kinds of support to enable people to take those first steps into work. Clearly, we will want to continue that in the new programmes.

[28] **Jeff Cuthbert:** Everything is joined up. Clearly, this links into good careers advice—and there is good careers advice. There is also our work with the private sector, with the anchor companies and the regionally significant companies. I recently had a very interesting meeting with one of them, and they are keen to do their work to support those whom we call NEETs to take them out of that situation. The Welsh jobs fund will focus on providing opportunities to lift young people out of worklessness. However, employers need to step up to the mark to play their role, not just in providing opportunities, but in publicising and developing these initiatives through the sector skills councils. That is part of their job, and we look forward to working with them.

10.15 a.m.

[29] **Alun Ffred Jones:** Mae dau gwestiwn gennyf. Mae un ohonynt yn ymwneud â'r sector hwn o bobl ifanc nad ydynt mewn addysg, cyflogaeth neu hyfforddiant. Mae wedi'i gydnabod dros y blynyddoedd bod cannoedd o gynlluniau. Cyfeiriodd y cyn Weinidog Andrew Davies at 200 o gynlluniau yn ardal Abertawe a oedd yn ceisio mynd i'r afael â'r criw hwn o bobl ifanc. A oes unrhyw ymdrech i geisio cael gwell trefn a llai o gynlluniau er mwyn cyrraedd y bobl ifanc hyn?

Alun Ffred Jones: I have two questions. One of them relates to this sector of young people who are not in employment, education or training. It has been recognised across the years that there are hundreds of schemes. The former Minister Andrew Davies referred to 200 plans in the Swansea area that were trying to address this group of young people. Is there any effort to try to get a better system in place with fewer plans so that we can reach these young people?

[30] Yn ail, soniwch am brentisiaethau. Un problem yw cael gafael ar y bobl hyn nad ydynt mewn addysg, cyflogaeth neu hyfforddiant; problem arall yw a oes digon o gwmnïau sy'n gallu cynnig y cyfleoedd i'r bobl hyn i gael prentisiaeth. A yw hynny'n broblem, ac a yw'n fwy o broblem mewn rhai ardaloedd?

Secondly, you mention apprenticeships. One problem is getting hold of these people who are NEETs; another problem is whether there are enough companies that can offer opportunities to these young people to take up apprenticeships. Is that a problem, and is it more of a problem in some areas?

[31] **Leighton Andrews:** I will start with the second question first. There is no question

that there has been a reduction in the number of apprenticeships coming forward during the recession; we have been clear about that and it is one of the reasons why we originally started our Pathways to Apprenticeship programme, which has been seen by some employers as essentially helping to subsidise the development of apprenticeships, because it means that the first year is undertaken through the college-based training that we have been providing. In terms of your general question about the number of schemes, that is something that you and I, as members of Cabinet committees previously, have discussed. Your predecessor committee in the previous Assembly looked at this in some detail and saw how there had been some very good practice modelled in Swansea in particular, which had managed to reduce the conflicts between the different suppliers to ensure that there were simple pathways for young people. However, I know from evidence presented to your predecessor committee from a number of the agencies who were taking on young people who were not in employment, education or training, that they felt that the issue was not an issue of funding being unavailable. They told the previous committee that significant funding was available. If anything, they were all competing for the individuals to get the funding.

[32] One question that I have asked in my department is, given that we have significant investment in the careers service, the youth service and in the schemes to address the issue of young people not in employment, education or training, how do we create a more personalised service that tracks young people who are likely to end up not in employment, education or training. Last year, in early 2010, we undertook a very extensive exercise looking at all the factors that contribute to young people ending up in that position. Clearly, if we can have better tracking through the education system, we ought to be able to tailor the support more effectively to the young people themselves. I do not believe that we have got there yet, and there are some issues about how you ensure that, with a number of different agencies in the frame, they are all focused on the same objective. That is a big challenge. As I say, from the evidence that we have seen in previous committees, Swansea seems to have made some impact in terms of ensuring that some of those duplications have been eliminated from the system. We need to look to that good practice in the future.

[33] **Jeff Cuthbert:** Yes, certainly. Thank you for the question. One of the focuses and purposes of the project secure 3 programme with work-based learners was to try to ensure, as best as we could, that the training places on offer to young people were relevant to the needs of the Welsh economy, so that we did not, for example, provide money to organisations that were producing accredited qualifications, but which were unlikely to lead towards employment and the realisation of potential in the workplace, which is after all why young people are engaging in these projects for their future. Hopefully, that situation will be improved, but, as the Minister said, I sat on the Enterprise and Learning Committee, and in fact, looking around, I think that I am the only one in the room who was on that committee last time around—

[34] **Andrew R.T. Davies:** You are cutting the Chair short there, Jeff; I did 18 months, but I got off with good behaviour. [*Laughter.*]

[35] **Jeff Cuthbert:** I had forgotten; I do apologise.

[36] **Andrew R.T. Davies:** There were 16 members in total on it.

[37] **Jeff Cuthbert:** Ah, well, there we go. I have lost my train of thought now. I do not recall whether the Chair was there at that time, but there was an occasion when three organisations, all of which were dealing with, more or less, the same type of hard-to-reach youngsters, came to present their cases together. It struck us then that there must surely be some scope for rationalisation and the better focusing of resources. I understand that two of those organisations have now merged, so perhaps that is a natural progression. However, yes, that needs to be dealt with. I can say that, with regard to everything being linked to everything

else, we know that the number of NEETs in Wales has remained stubbornly at the same level for many years. That is not good enough. I anticipate that, with the right careers advice and the vocational opportunities that will come about through the 14-19 pathways, we will reduce the number of NEETs in due course. However, we cannot wait until then. With the measures that we are bringing in now with regard to PS3 and the way that we are going to focus on the role of the private sector, as well as sector skills councils, to make sure that they play their role, we will see improvements.

[38] **Alun Ffred Jones:** So, if the numbers do not come down, you will have failed.

[39] **Leighton Andrews:** The challenge of addressing the numbers of young people who are not in employment, education or training has been a long-term one, if we look at the figures in Wales going back over a decade. This is a significant challenge, and it will be cracked only if we can create a far more personalised form of intervention.

[40] **Andrew R.T. Davies:** We will have a very short supplementary question from Joyce.

[41] **Joyce Watson:** Talk of personalised intervention leads me on nicely to my question, which is about gender-specific advice and training. I know that you all know that I have the women in construction website and that there is huge interest in it. I have done considerable research about gender-specific advice and training given to girls and young women. So, are you taking that on board when you are thinking about all your training courses: who they are aimed at and who they are going to remove from NEET status? Will we see a breakdown on that? I would certainly like to see one. It is as important, whoever you are and whatever your gender, that you are given the same advantage and opportunity to come in to those training programmes that are now going to be so focused on employment.

[42] **Andrew R.T. Davies:** Okay, thank you, Joyce, we have got the sentiment, so could we have the response from the Minister, please?

[43] **Leighton Andrews:** In the work that has been done, particularly on construction, we have some very good examples of different projects that have been running, including at community level, to engage women in construction projects. Clearly, if you would like more data from us, we will be very pleased to supply that.

[44] **Jeff Cuthbert:** I understand that the Member is chairing the all-party group on the built environment. So, I expect you to make those points clearly on construction, but I can say that there are many sector skills councils that take that very seriously. I can remember that, not that long ago, the champion apprentice in Wales was a young lady in engineering. So, there are many organisations and associations that take that matter very seriously.

[45] **Leanne Wood:** May I follow on from some of the previous questions?

[46] **Andrew R.T. Davies:** Fire away.

[47] **Leanne Wood:** Thanks very much. You mentioned that the training available was relevant to the Welsh economy. What is being done to ensure that the opportunities that are available are communicated to young people at a young enough age in school, presumably through the careers service? What is done to ensure that they understand how it is relevant to the needs of the Welsh economy? I also want to ask about drop-out rates. Are there problems with drop-out rates within the apprenticeship programme or does the pathways programme weed out people who are not that keen very early on?

[48] **Leighton Andrews:** We have a Careers Wales service that has had significant endorsement by a number of independent reports with regard to the quality of information

that it provides to young people. Its web-based material is also very highly regarded. As part of the programme that I mentioned earlier to look at new ways of addressing the issue of young people who are not in employment, education or training through our youth engagement action plan, we have been looking at how we can pilot learning coaches schemes at a much younger age within the education system, at ages 11 to 13, which I think will make a significant difference. As we said at the outset, we must also ensure that the labour market intelligence that we will be providing to the careers service, and through it to schools, is up to date and consistent. That is the work in which we are currently engaged.

[49] **Leanne Wood:** Could you just take me through the process? I am a young person of 14 or 15 years of age, in school, and I want to be a plumber. What do I do? How do I end up as a plumber?

[50] **Leighton Andrews:** There are a number of ways in which that could be taken forward—

[51] **Leanne Wood:** I am asking how it could be done through this apprenticeship scheme, specifically.

[52] **Leighton Andrews:** I will bring Jeff in on the apprenticeship scheme. There will also be other routes. One of the great achievements that we have had in Wales over the last five years is that we have managed to double the number of vocational courses on offer for those aged 14 to 19 from around 1,000 to 2,000, which means that there is a far wider range of courses available as a result of the Learning and Skills (Wales) Measure 2009 that we put through in the last Assembly and the actions that have been taken in support of that. Throughout the education system, we have seen the development of those vocational opportunities, which will include different aspects of construction, which could be plumbing or electrical training and so on, that are now available to young people. They can take them up through schools in some cases and through courses in FE colleges in other cases. I think that we have managed quite well over the last five years to improve those vocational opportunities.

[53] **Jeff Cuthbert:** I concur with that. It is quite right to point out that the number of young people taking and completing vocational courses has increased considerably. The drop-out rates from apprenticeships has decreased. We will never reach 100 per cent completion; that would be unrealistic, but we are getting closer. I think that that comes down to improving labour market intelligence. Most importantly, you used the example of plumbers, but you could refer to any occupational area. It really demands that employers step up to the mark and make sure that the information that they are providing to those involved in career development is accurate and current, and that they are seen very much as a key partner in this.

[54] **Leanne Wood:** You referred earlier to the youth engagement and employment action plan. What progress has the Welsh Government made to date on the 18 actions specified in the action plan?

[55] **Leighton Andrews:** We would be very happy, Chair, to supply the committee with a full report on all of the 18 actions, if that would be of use to you. We have been taking this forward over the course of the last few months. Clearly, the updated action plan was only published at the beginning of this year, and we are working through that action plan and those points at present. Jeff?

[56] **Jeff Cuthbert:** I have read the current outcomes of the action plan, which were only published in April. Therefore, it is at a very early stage, but rather than trying to go through those 18 points, I think that it would be better if we gave you written information on that.

[57] **Leanne Wood:** Thank you. I understand that the predecessor committee raised issues about collaboration with the UK Government. How is the Welsh Government collaborating with the UK coalition Government to provide support and opportunities for unemployed young people in Wales?

[58] **Leighton Andrews:** Under the previous UK Government, we established the Joint Employment Delivery Board for Wales, which involves representatives from my department and the Department for Work and Pensions. The point of that was to ensure that the kinds of schemes that we were developing in Wales, and those being developed by the DWP, did not duplicate each other and actually ran in tandem. The board meets on a regular basis. At present, it is early days since the UK Government announced the new work programme. Our officials have been working with the Department for Work and Pensions on that. There are clear implications arising from the new work programme in terms of some of the schemes that we have. We have been in discussion, for example, with the Welsh European Funding Office about whether we should continue to give certain kinds of support. Clearly, schemes that we run in Wales should not duplicate or seek to replace schemes that are properly the responsibility of the UK Government, where the employment policy and benefits issues are a UK non-devolved responsibility. It is certainly our intention—and it has been our intention since the One Wales Government—to ensure that the UK Government is taking its responsibilities seriously and fully in respect of its obligations to young people.

10.30 a.m.

[59] **Leanne Wood:** May I come back in on one point?

[60] **Andrew R.T. Davies:** You need to be very brief, Leanne.

[61] **Leanne Wood:** Minister, you said that under the previous Government there was a joint employment delivery board, which would suggest that the same committee is not in existence now.

[62] **Leighton Andrews:** No; it still exists. It was established under the previous UK Government, and in my first meeting with Iain Duncan Smith in his role as Secretary of State for Work and Pensions, we agreed to the continuation of that group. Officials on both sides have subsequently been meeting in the same way as before.

[63] **Andrew R.T. Davies:** I do not propose to allow further supplementary questions at this point. David has indicated that he wishes to pose such a question. I ask him to hold back until the end of the session, because we have six other questions to get through. As Members will be aware from the papers, the questions are distinct.

[64] **David Rees:** May I ask a quick supplementary question?

[65] **Andrew R.T. Davies:** If possible, we will take it at the end. If there is no opportunity to do that, we will pass it on to the Minister in written form and the Minister will respond in writing. Byron has the next question.

[66] **Byron Davies:** Good morning, gentlemen. My question concerns sector skills councils. What is your view on whether the sector skills councils in Wales will be able to continue effectively if their core funding, and that of the UK Commission for Employment and Skills, is reduced? Do you think that the SSCs will be able to generate funds from alternative sources?

[67] **Leighton Andrews:** Before I bring in Jeff, I will say that our experience has been that the performance of the sector skills councils in Wales has been variable in any case.

Some of them have little in the way of meaningful support here. There is a prior question as to what extent they are effective as a totality in Wales at present.

[68] **Jeff Cuthbert:** That is the case. There is no doubt that sector skills councils have a critical role to play in terms of manpower planning, labour market intelligence and developing national occupational standards; all of those things are crucial and will remain so. However, with the funding cut that sector skills councils have had from the UK Commission for Employment and Skills it is going to be harder for them to do those things. We will, therefore, have to work closely with them in Wales to ensure that the worst effects of the cutbacks are minimised. We have a good relationship with the Alliance of Sector Skills Councils. There is no doubting the willingness of that organisation to do the best for its member SSCs. However, as the Minister has rightly said, the performance is variable or patchy, which is another word that has been used.

[69] Some SSCs are on the ball and are well-resourced in Wales, and will do their occupational sectors proud; I am sure that that is the case. Others are under-resourced, and that is a matter that you will no doubt continue to press when you meet with sector skills councils, either individually or through the alliance. There is no doubt that for small and medium-sized enterprises and those very small organisations that have limited resources in particular, sector skills councils ought to be advancing their case, planning their future for training and development needs and providing information for future recruitment. They will continue to play a role, but we have to watch the situation.

[70] **Byron Davies:** I think that you have touched on the answer to my supplementary question. In March 2011, the Enterprise and Learning Committee heard evidence that some SSCs are more effective than others at engaging with a wide range of employers in their sector. If the revised remit of the SSCs is that they are to become more employer-facing bodies, how will you encourage SSCs to undertake that role effectively?

[71] **Jeff Cuthbert:** That is their task in any event. As I have said, they are meant to be representing their occupational area, which means representing employers: private, public and from the voluntary sector. It is crucial that those key employers—we will certainly look to anchor companies where that is appropriate—ensure that sector skills councils can do the job that they are meant to do. Whether that means providing additional resources, either in terms of cash or seconding staff with degrees of expertise, is a matter for them. They are the employers' voice and it is for the employers to step up to the mark, together with us, in a genuine partnership approach. Yours is a good question, and employers have to take matters by the scruff of the neck. As I have indicated, some industries are well-resourced and have a good relationship with their SSCs; in others, that is not the case.

[72] **Keith Davies:** Hello, gentlemen. What are the main features of the funding system for further education colleges and local authorities that need to be considered as part of the current review of post-16 funding for schools and colleges? Are the current funding arrangements a barrier to collaborative working?

[73] **Leighton Andrews:** We have put in place additional funding streams in recent years to try to ensure effective collaboration between further education colleges, schools and other providers and local authorities. So, we have put in money through the 14-19 networks. We are concerned that the national planning and funding system has contributed in the past to some of the duplication that exists within the system, because of the unit-based funding that exists within it. So, I took the decision earlier in the year to move to three-year funding for post-16 education and to review the national planning and funding system alongside that.

[74] We articulated in our election manifesto our concern that there should not be excessive duplication. We know that we have a number of learning centres around Wales

where there are significantly small classes and we believe that some levels of provision have evolved in competition between the schools sector and further education, for example, which is a point that is often made to us by the heads of further education colleges when they come to talk to us. So, we want to ensure that, in the reform of the national planning funding system, we have a system that is more geared to collaboration than competition.

[75] **Keith Davies:** I am told out in the field that one issue that arises from that is that if you remove the competition and talk about collaboration, the whole issue of transport comes to the fore. I assume that those costs would be quite significant in rural areas. Would the individual institutions be responsible for the transport arrangements?

[76] **Leighton Andrews:** Within the existing system, there is funding for issues such as deprivation and sparsity, and we would expect that to continue in any new system. However, we did put in the additional funding through the 14-19 learning networks. There is flexibility with regard to how that funding is used, and some authorities will be putting in additional support for the funding of transport and other initiatives. There will clearly be some challenges that will be more acute in some areas, but the experience around Wales is that some institutions have been more innovative than others in ensuring that the travel is more limited, for example in ensuring that teachers or lecturers are doing the travelling, rather than the pupils.

[77] **Keith Davies:** You are also reviewing all qualifications for 14 to 19-year-olds, perhaps as a result of the learning and skills Measure, and you want to ensure that we have the most valuable qualifications. In my experience, choice penalises the weaker pupils. Therefore, how can we ensure that those pupils choose the most valuable qualifications for them out of the huge array of vocational qualifications that exist?

[78] **Leighton Andrews:** I made a speech on the theme of choice and some of the problems with it shortly after becoming the Minister for education in the previous Government. There are a series of issues that you rightly articulate around the range of choices that are available. The quality of courses is important, and sometimes the language of choice and of the market has obscured the opportunities open to individual learners and has made the system more confusing for them, for their parents and for employers. So, in opening up the debate around the need for a qualification review, which I did in a further speech in February, I suggested that we knew that there were certain qualifications that were not valued by employers, that there were certain higher education institutions that had a particular view of certain kinds of qualifications and that what we needed to ensure was that learners had access to a qualification system that either prepared them for employment or for progression into further learning, and that is the review that the Deputy Minister will be taking forward. It is also important to remember in this context that we have a qualification system that is competitive and costs us a lot of money, and we have an obligation to the public purse to ensure that the money that we are investing in that, which is going largely into the pockets of private examination bodies, is being well spent.

[79] **Keith Davies:** I have one more supplementary question on the emphasis that you are putting on the STEM subjects. I have seen many schools where youngsters in the 14 to 16 age range do not study single sciences; they study double science. That is a weakness. I have been around quite a few universities over the past 12 months, and when I ask engineering departments what they want sixth formers to study, they tell me that it is mathematics and physics. I am very worried about the small number of institutions in Wales that offer mathematics and further mathematics, because I know that that is what engineering departments would like for the most able pupils.

[80] **Leighton Andrews:** We look forward to your evidence to the qualifications review.

[81] **Andrew R.T. Davies:** Jeff, if you could be brief— I do not want to cut you short, but we still have a couple of questions to cover.

[82] **Jeff Cuthbert:** I will be as fast as I can. The review that I will be leading will take account of the work of Professor Wolf in England. She focused on vocational qualifications, and that is fine—she made some interesting observations. We will also look at general qualifications, namely all of the qualifications that can be offered to the 14 to 19 age group. It will focus on what is valuable, and what we mean by that term is what is likely to help young people to get into employment or self-employment as a result of the courses that they study. Let me make it clear, because there is great scope for mischief-making here, this is not about abolishing A-levels or GCSEs or anything of the sort. It is meant to ensure that our qualifications are fit for purpose. I will finish on this point: we are not about dragging young people into particular occupational areas, as happens in some countries, but we want them to have an informed choice. That will be a key part of this review.

[83] **Alun Ffred Jones:** Cyfeiriaf at y rhaglen weddnewid. Ym mis Mawrth 2011, ysgrifenasoch hyn at y Pwyllgor Menter a Dysgu
Alun Ffred Jones: I refer to the transformation programme. In March 2011, you wrote the following to the Enterprise and Learning Committee

[84] ‘several Learning Partnerships have been unable to achieve the culture switch to collaborative working. Others are implementing change models which...are unlikely to optimise learner benefits in the medium to longer term.’

[85] Mae gennyf ddau gwestiwn. Yn gyntaf, sut fyddwch yn parhau i weithio gydag awdurdodau lleol i sicrhau bod y rhaglen weddnewid yn mynd rhagddi mewn ardaloedd lle mae'r cynnydd presennol yn araf?
 I have two questions. First, how will you continue to work with local authorities to ensure that the transformation programme progresses in areas where progress is currently slow?

[86] **Leighton Andrews:** We have a number of ways of influencing the behaviour of local authorities, one of which is cash. Some of the work that we have done through the twenty-first century schools programme, which is a collaborative exercise between the Welsh Government and the Welsh Local Government Association, has been focusing minds in local authorities on the nature of the provision. As you are well aware, our capital budgets for forthcoming years are reduced and we will perhaps have less influence as a result, but we will still have an ability to influence. I will make a written statement later today on where we currently are with the twenty-first century schools programme, which will be of interest to members of the committee. However, we must take a proper look across the whole of Wales at what has been achieved under transformation in recent years and where we think the opportunities for further progress could take place.

[87] **Alun Ffred Jones:** Diolch am hynny, sy'n fy arwain at yr ail gwestiwn. Yr ydych wedi cyfeirio at awdurdodau lleol sydd wedi bod yn araf, ond mae awdurdodau lleol eraill wedi mynd i'r afael â sefyllfaoedd anodd iawn. Maent wedi cyflwyno cynlluniau yn unol â'ch amserlen, ond nid ydych wedi cyhoeddi a oes arian ar gael er mwyn galluogi'r gweddnewid hwnnw i ddigwydd. Felly, pryd fyddwch yn rhoi gwybod i'r awdurdodau hynny a ellir gweithredu eu cynlluniau? Fel arall, maent yn cael eu gadael
Alun Ffred Jones: Thank you for that, which leads me to the second question. You have referred to local authorities that have been slow, but other local authorities have got to grips with very difficult situations. They have produced plans in line with your timetable, but you have not announced whether funding is available to allow that transformation to take place. So, when will you let those authorities know whether it will be possible to implement their plans? Otherwise, they are being left in a difficult situation, in which

mewn sefyllfa anodd, lle maent wedi mynd they have gone through the pain, but they are
 drwy'r boen ond maent yn dal i ddisgwyl am still waiting for an answer from you.
 ateb gennych.

10.45 a.m.

[88] **Leighton Andrews:** There are a number of aspects to that question. First of all, it needs to be borne in mind that local authorities have a significant amount of capital available to them on an annual basis from the Assembly Government through their general capital fund. Local authorities also have borrowing powers, which they can exercise, and which can play a part in the development of their capital programmes. As I said, I will be releasing a written statement later today on where we are on the twenty-first century schools programme. We know that the capital position is tough, but, in many cases, local authorities have some of the solutions in their own hands. We have identified—I think it was also identified in the report of the review of the structure of education in Wales carried out by the task and finish group chaired by Viv Thomas—that some local authorities have been far more effective at dealing with issues of school organisation and school places than others, and that there is still considerable work to be done in some areas.

[89] **Julie James:** First of all, may I say how much I enjoyed the Big Bang Cymru event that Owen, Jeff and I attended last night. It was a really good example of collaboration between a whole pile of sectors. We heard some excellent contributions about collaborating across sectors, so there is obviously some very good practice around.

[90] In terms of further education, you have announced some three-year funding programmes and significant structural change has been going on. What further changes do you envisage for the further education sector and how will you measure them? How will they serve as key levers of change to the skills delivery landscape and the collaboration agenda that we have just been talking about?

[91] **Leighton Andrews:** The further education sector has responded very well to the challenges that the Welsh Government has set over recent years, and I said that in a recent speech to Colegau Cymru's annual conference. We believe that the further education sector has been dynamic and has responded well. We have seen a significant number of mergers in the further education sector, and we expect to see more taking place. Indeed, the report on the structural delivery of education to which I have just referred said that the optimum number of further education colleges was somewhere between eight and 12. A report by Sir Adrian Webb published four years ago also suggested that the optimum number for Wales was around 10, so we have a clear idea of where we expect things to go. We recently concluded the consultation on the governance of further education at the end of June, and we are looking at the responses that have come in on that. We expect to say more about FE governance, in the context of the legislative programme that the First Minister announced yesterday, probably in the autumn.

[92] On the whole, the FE sector has been very willing to collaborate, not only with schools but also with higher education institutions. We expect it to play a continuing role in the delivery of skills, and we welcome the flexibility that has been shown within further education to do that.

[93] **Julie James:** As you are talking about reducing the number a little further than where we are now, are you looking for any further milestones in relation to this transformational change? You said that you want to announce the results of the consultation in the autumn, but are there any particular milestones that the committee should be looking for as indicators of success in that area?

[94] **Leighton Andrews:** There are a number of points that I would make about that. First of all, on the whole, the successful mergers have been ones where there have been willing partners. So, I am keen that people should explore these things on a voluntary basis in the first instance. However, if we are looking at a map of provision across Wales in terms of post-14 or post-16 education, that may well drive us to some spatial conclusions about the distribution of provision, and that may well inform further changes in the future. Equally, as I mentioned in response to questions from Keith Davies, we are reviewing the national planning and funding system at present, which operates as one of the levers that we have in terms of the overall arrangement of provision.

[95] **Joyce Watson:** Minister, how confident are you that the target of six higher education institutions in Wales is deliverable by 2013?

[96] **Leighton Andrews:** Very.

[97] **Joyce Watson:** I thought that you might say that.

[98] **Andrew R.T. Davies:** We are back on track. [*Laughter.*]

[99] **Joyce Watson:** Moving on from that, there is another element, which is the announcement that you are going to bring forward legislation to establish a single strategic planning and funding body for higher education in Wales. At this stage, can you explain the remit and responsibilities of this body and how they will differ from the current role of HEFCW?

[100] **Leighton Andrews:** Chair, I would like to inform the committee that I issued a statement this morning on the future shape of higher education in Wales, which was probably issued at the moment that we started the committee session. The statement publishes the advice that was given to me by HEFCW on how it sees the configuration of higher education in Wales developing over future years. It makes specific statements about each higher education institution in Wales. It is our intention to undertake widespread consultation on that. It has been published today and is available on the Welsh Government's website. Specifically with respect to the national planning and regulatory body that might replace HEFCW, we held a review of higher education governance, chaired by John McCormick, the results of which I published just before the election. We have not yet gone to consultation on that but we will be doing so. It will be a normal three-month consultation. That would allow us, other stakeholders and members of the public to have an opportunity to make representations on the future structure. Following that consultation, we would seek to shape the legislation.

[101] **David Rees:** With the merging of the institutions—some say that they are research-led; some teaching-led—down to a total of six, can you confirm that the mission statements of those institutions will remain so that students will continue to benefit from the individual strengths of each institution?

[102] **Leighton Andrews:** I agree with you that each of the institutions has its own particular strengths. As we move forward to a new configuration of higher education in Wales, we want to preserve the best of the institutions that we have. I have published a statement and HEFCW's document—now is the time for people to reflect on that and examine it in more detail.

[103] **Alun Ffred Jones:** Cwestiwn byr **Alun Ffred Jones:** I have a brief question on sydd gennyf ar y sefyllfa gyllido bresennol. the current funding situation. One of the Un o lwyddiannau'r Llywodraeth ddiwethaf successes of the last Government was the oedd sefydlu'r Coleg Cymraeg Cenedlaethol, establishment of the Coleg Cymraeg

fel yr ydych wedi'i gyhoeddi, felly a ydych Cenedlaethol, as you have announced, so are
 yn hyderus bod digon yn y gyllideb i you confident that there will be an adequate
 gyflawni'r addewidion a wnaethpwyd budget to achieve the pledges that you made
 gennych yn eich cyhoeddiad? in your announcement?

[104] **Leighton Andrews:** I am confident about that. Some excellent work has been taken forward by the board of the new Coleg Cenedlaethol Cymraeg and I do not see any difficulty with the provision that is available.

[105] **William Powell:** I would like to turn to the vexed question of student tuition fees. Minister, is the cost of your policy of supporting Welsh-domiciled students with their tuition fees sustainable in the medium to long term? Has the number of English universities applying to charge the maximum of £9,000 per annum been higher than was anticipated or forecast by the Government? Finally, if that is the case, what are the funding implications for the Welsh Government?

[106] **Leighton Andrews:** The commitment is sustainable but expensive. More institutions have opted to charge £9,000 than we expected—certainly in the autumn. That is true for us and the UK Government overall. However, we carried out our modelling both on the basis of fees being at an average of £7,000 and on the basis of fees being at an average of £9,000, so we are clear about the implications of that. We put the modelling on the £9,000 average into the public domain at the beginning of March 2011, under the One Wales Government. Therefore, that model has been there for people to scrutinise and was the subject of extensive media comment, not least on the BBC.

[107] **Andrew R.T. Davies:** Yesterday, in the Chamber, the First Minister alluded to additional data being made available, given our understanding of the number of universities that will be charging the £9,000. Will those be the same data that were available in March, or additional data, that he would be making available to Members and the wider audience?

[108] **Leighton Andrews:** In March, we made available data that were based on an average fee range of £9,000. As the fees have come in—if you look in Wales, for example, you will see different fee levels at Newport and Glyndŵr universities from some of the other institutions—we would now seek to get a more nuanced picture, because we are not talking about an average of £9,000; it is probably likely to be an average of somewhere between £8,500 and £9,000. What I would like to do, once we have the full picture from England—bear in mind that the fees plans for Wales were agreed only on Monday, and the fees plans in England were agreed subsequently, so we still do not have the full range of fees—I would like to put into the public domain more accurate costings based on what we now know to be the case.

[109] **Andrew R.T. Davies:** Do you have an understanding of when that might be? I appreciate that there are external factors involved, but are we talking about the autumn?

[110] **Leighton Andrews:** I would certainly think that we can do that by the autumn. There is no great mystery about this; it is simply a question of getting the information together, analysing it, and getting the statisticians to work on it. However, that is not an overnight exercise.

[111] **Leanne Wood:** May I ask a question?

[112] **Andrew R.T. Davies:** Hold on, Leanne. Two people indicated earlier that they had supplementary questions. I was holding them over to see whether we had time for them.

[113] **Leanne Wood:** My question is specifically on the last point.

[114] **Andrew R.T. Davies:** I will allow you to come in briefly on that specific point, then.

[115] **David Rees:** I also have a question on that point.

[116] **Andrew R.T. Davies:** Bear with me. I will call Leanne first, and then I will come back to you.

[117] **Leanne Wood:** My understanding is that the difference in what it will cost the Government between the fees being £7,000 and being £9,000 is around £250 million a year. Can you tell us whether that extra money will come from your budget or from the overall budget?

[118] **Leighton Andrews:** We have a budget-setting process. We passed a budget last year. I think that Members who were here then will recall that, in the draft budget, we made it clear that we were setting the budget for 2011-12 and we would need to look again at the implications for 2012-13 when the picture became clearer. We will be going through the budget process as a Government and our budget will be published in the normal way.

[119] **Leanne Wood:** So, you do not know yet.

[120] **Leighton Andrews:** What is clear is that we have a commitment that was in the Welsh Labour manifesto that we will fund the costs of study for Welsh students wherever they study in the United Kingdom. We have a cross-Government commitment, which will be carried through in the budget in due course. I appreciate that not all parties support the commitment that we made as Welsh Labour, but we intend to carry that commitment through.

[121] **Andrew R.T. Davies:** I will call on David first, but Julie also had a supplementary question on question 5. If you are very brief, we can have both supplementary questions.

[122] **David Rees:** I will be very quick, Chair. On this issue of funding, in terms of the calculations that you will be reviewing, will you also take into consideration the discussions that we had earlier this term about part-time students, when we made a commitment to equality of funding for part-time and full-time students?

[123] **Leighton Andrews:** As you know, I issued a statement on the funding of part-time students just a few weeks ago. Therefore, we are very clear about our commitment on that.

[124] **David Rees:** I will quickly go back to a couple of issues, if I may. On drop-out rates in apprenticeships, I assume that an analysis has been done of the reasons why people drop out. Would it be possible to have a look at that analysis?

[125] **Jeff Cuthbert:** There is tracking information. I will check with officials to see whether that is available. If it is available, we will send it on.

[126] **David Rees:** In respect of vocational qualifications, in the Wolf review he or she indicates that there should be greater employer involvement in the development of the programmes and courses. Given that further education has now been given more control over foundation degrees, will there be a stricter requirement that any development of programmes will need to demonstrate evidence of employer involvement so that they are developed to meet the needs that we are identifying?

[127] **Jeff Cuthbert:** Professor Wolf is a she, by the way. She did refer to employer involvement, and she also made some interesting statements about national occupational standards. She expressed some caution about their involvement in the national vocational

qualifications and apprenticeships, and also in foundation degrees, because she was not terribly sure whether the standards that we would use for identifying competency in employment would be appropriate for those training to eventually get employment. Therefore, those issues will be part of our review. I cannot say much more than that at this stage, but they will be in the melting pot.

11.00 a.m.

[128] **Andrew R.T. Davies:** Julie, did you have a quick question?

[129] **Julie James:** Yes. My question is on a similar topic; it is on the sector skills councils and their variable performance. I would like to know which one is which at some point—not necessarily now. My question is more about the edges of the sector skill councils and how they join together and whether we have looked at whether that has implications for the way employers respond and whether we could do a little more about shared apprenticeships in relation to some of the small and medium-sized enterprises in those sectors that cross those boundaries. I have some examples that I will not bore the committee with, but which I would be quite happy to discuss outside.

[130] **Jeff Cuthbert:** We will certainly be promoting the shared apprenticeships scheme based on the successful pilot schemes that we have had in construction and engineering. You referred to the edges of sector skills councils; one problem was that there were far too many of them. There used to be 40 to 50, and that has come down to 22, I believe. We expect further shrinkage as occupational areas merge and it becomes difficult to say, 'Here is the cut-off line'. That is an ongoing process. The number has come down from over 40 to 22 and that will continue. However, they will remain an important part of our labour market intelligence sourcing, helping to inform future qualifications and workforce development programmes.

[131] **Andrew R.T. Davies:** Thank you and your officials for coming in and presenting such comprehensive evidence. There were a couple of points that your officials and the committee clerk will be in touch about, and that information will be circulated to Members. Thank you for attending this morning.

11.01 a.m.

Craffu ar Waith y Gweinidog: Trafnidiaeth Ministerial Scrutiny Session: Transport

[132] **Andrew R.T. Davies:** We will now move on to scrutiny of the Minister for Local Government and Communities. Good morning, Minister. Thank you for coming in this morning to present evidence with your officials Jeff Collins and Tim James. Jeff Collins is director of the infrastructure group and Tim is the deputy director of networks and planning—I think that I am right in saying that. Would you like to make a short preamble to the committee, or would you prefer to go straight into questions?

[133] **The Minister for Local Government and Communities (Carl Sargeant):** Good morning. I will start by congratulating you on the chairmanship of this committee. I wish you well in your endeavours in the scrutiny and development of policy, working alongside my team. I am happy to come and work with committee as often as possible to help inform my decisions, which will be scrutinised by yourselves.

[134] I am looking forward to the next five years of opportunity. The transport element of this portfolio is new to me, so I am learning an awful lot as I get into my stride. With my team, I am now making headway.

[135] Briefly, my focus will be on how we operate the transport portfolio in collaboration

with other services across the public sector. Local authorities are the key to that development, and that is why I believe that the transport portfolio fits in quite nicely with my broader responsibilities. The synergy between the operation of the transport consortia and the transport schemes, working across the public sector, is something that I will be driving hard in terms of good value for money and public service delivery. Those are my key objectives in taking this portfolio forward for the next couple of years.

[136] **Andrew R.T. Davies:** Thank you for that, Minister. You have touched on some of the questions that we would want to put to you, but you might want to flesh out your response somewhat. What are your priorities going forward? Is there any significant change in the portfolio priorities from those of the previous Government, particularly in relation to transport, because that is what this committee is focusing on?

[137] **Carl Sargeant:** In the paper that I have presented to you, and in what I have just said, I have outlined that my priorities will be about driving the change agenda, that is, how much more closely the transport department and transport delivery can work across all of the portfolios, including my own of local government. That partnership relationship will be the key to developing a better value for money system. The simple tests that I have used in what I have worked on previously were: can we get a better service by doing it differently, and can we do it more cheaply? Those are the two simple tests that I apply across my portfolio, including for transport.

[138] On your point about the difference between previous Government priorities and where we are now, the main significant change is to do with the national transport plan. I will reprioritise the national transport plan over the summer, and will make an announcement in the autumn on a reprioritised programme of planned transport infrastructure works.

[139] **Andrew R.T. Davies:** You touched on driving forward working across Government. The observation has been made outside of the Assembly—you touched on this yourself—that transport should sit with the economy and business development and so on. However, it sits with you, and it is the First Minister's prerogative to decide on that. Can you give us an example of how you will drive that working across Government to ensure that synergy is achieved, and that work is not done in isolation in your department?

[140] **Carl Sargeant:** There are two points there, really. The decision to place transport into the local government and communities portfolio was made by the First Minister. Transport could sit in any portfolio, as it is a cross-cutting issue, in that transport impacts on many proposals. Whether the proposals are to do with health, the fire service or education, they all have links to transportation. The main reason why it sits in the local government portfolio is that local government transport schemes comprise the majority of the transport portfolio. Transport schemes are delivered by the 22 authorities in Wales, and that is why transport sits quite nicely in this portfolio.

[141] How do I work across Government? I meet the Minister for business frequently to discuss her priorities and how we can interface the development of transport to support business opportunities. That goes across the board when it comes to my Cabinet colleagues and the decisions that they make, as my decisions might have an impact on theirs. We have regular briefing sessions.

[142] **William Powell:** Minister, what steps would you take to ensure that clear, up-to-date information on the progress of current transport projects and the scheduling of future projects is made publicly available, as was recommended by the legacy report of the Enterprise and Learning Committee in the third Assembly?

[143] **Carl Sargeant:** I welcomed the legacy report's recommendations, as they were

important in informing us. We had a debate only the other week, led by Byron Davies, on transport programmes and the interface between what we are doing and how we are following up those recommendations.

[144] Improving the risk management of projects, best practice and procurement are important to us, as is undertaking gateway reviews into the programming of new developments. They are all key markers in how we have changed how we deliver schemes. Only this week, we opened a road in north Powys that was delivered on time and on budget, and that is significant. I would take the credit for it, but it was not me. We have come a long way, I hope, in turning the development of programmes around. It was the former Minister for transport who was responsible for delivering that; I just had the pleasure of opening the road. It was a nice opportunity.

[145] **Andrew R.T. Davies:** Do not pass over the credit, Minister. [*Laughter.*]

[146] **William Powell:** I have one supplementary question on that. Does the Government still intend to pursue a strategic infrastructure plan and, if so, which Minister will have overall responsibility for that?

[147] **Carl Sargeant:** The interesting thing is that it covers much more than transport and, therefore, I would probably not be able to comment on the detail of that today. I expect that the decision will be taken between the Minister for business and me with regard to developing a programme for that, but it is still up in the air at the moment.

[148] **Andrew R.T. Davies:** There are a few supplementary questions on this issue, so I ask Members to be brief. I will go to Byron first and then David.

[149] **Byron Davies:** Morning, Minister.

[150] **Carl Sargeant:** Good morning.

[151] **Byron Davies:** As you know, when we had the debate a couple of weeks ago, the really worrying issue was that we have an overspend of £225 million, without the Heads of the Valleys road of course. Can you give me an absolute guarantee that you are now supervising the spend for the future?

[152] **Carl Sargeant:** I cannot give you a guarantee that we will never have an overspend. It is unsighted, and I cannot tell you what programmes will and will not happen and what will frame the new programmes in future. I can give you assurances that I am constantly monitoring progress on the development of schemes. I have already had discussions with my officials about overspends and said that they are not appropriate. We are really tying down local authorities, which deliver the majority of our main schemes, on delivery. My commitment to you is that I will be keeping a very close eye on the management of the finances. However, as I said, looking at where we were according to the report and where we are now, we have moved an awful long way. There was evidence of that only last week when we opened that road.

[153] **Byron Davies:** One of the criticisms in the audit report was the lack of liaison between this establishment and local authorities. Can you say that that is really being looked at?

[154] **Carl Sargeant:** I believe so, and my team is working very closely with local authorities. I suppose that this goes into the broader development of transport policy and some of the statements that I have already made to the Assembly have stressed that we need to look at who does what and where. We have done it in local government around the Simpson

review with regard to the delivery of services, and we are looking at that within the transport portfolio. That is why we are looking at whether regional transport consortia are the right models for service delivery. However, at the moment, we have the trunk road agency under the Welsh Government, the transport consortia and 22 authorities delivering road schemes, all with the same intention of providing means of transportation. I think that there is possibly an opportunity there to develop a better scheme for delivery. I am certainly on to that, and I hope that we will have some good outcomes from that development.

[155] **David Rees:** I think that you have basically answered my question because I was going to ask about the value for money side of things: how you ensure that you are getting value for money and whether that will be transparent and available to the public.

[156] **Carl Sargeant:** Value for money is one of the tests that I ensure my department is evidencing to me before I make a decision on schemes. However, that goes for current operations as well. I have asked for a review of the services that we provide across the transport portfolio to establish whether they are providing value for money. That is quite a difficult test. There will be cases where it will be clearly black or white with regard to whether we are getting value for money or not and I will then make a decision on that. I would be happy to share the evidence provided to me with the broader public to ensure transparency.

[157] **Andrew R.T. Davies:** Is there some system that the committee could have sight of that shows the change from what was there historically, which allowed these cost overruns to happen, to the current procedures? You have talked about the relationship with local government. There must be some sort of protocol or a template for a protocol that you or your department has brought forward. Is it possible that that could be provided to the committee so that we can see the difference between what was and what is?

[158] **Carl Sargeant:** Yes.

[159] **Andrew R.T. Davies:** We have confidence in your good self as a Minister, but it would be good to have some physical evidence of the changes that are taking place.

[160] **Carl Sargeant:** Of course, and I would be happy to write to the committee with the detail around the issues that I raised with regard to the gateway reviews and developing those relationships. We will get some evidence on that and we will provide the committee with that evidence, if that would be helpful.

11.15 a.m.

[161] **Joyce Watson:** Minister, you have already touched on the idea of joint transport authorities. What do you consider to be the potential advantages of those over the current arrangements? Could you provide an indicative time frame for their introduction, if you decide, of course, to have a joint transport authority?

[162] **Carl Sargeant:** Your last point is important, that is, it is about whether I decide to introduce them. Since taking up this portfolio I have been reviewing many things, so that I can have confidence in myself and my staff that I know in which direction we are heading. It is a huge portfolio: we have the second largest spend of the Welsh Government after health. We are talking about a substantial amount of money and I must have confidence that we are driving it forward correctly.

[163] In terms of the joint transport authorities, we are deciding whether that is the right option. As I said to Byron earlier, I am looking at the structures that deliver services and I am not hung up on the idea that we must have a joint transport authority. I am asking whether that

will give us better value for money and better service delivery for the broader public. If that is the model, then that is the model that we should adopt. I am not convinced of that yet because I need some more detail around it, but this is an open book in terms of what structures we need to deliver good quality service with less money. That is just part of the proposal. I will look at that over the summer, Joyce, and keep the committee fully informed of the decisions that I make with regard to the joint transport authorities.

[164] **Alun Ffred Jones:** You are reviewing the national transport plan, so what criteria are you adopting in conducting that review, and when will you announce the results?

[165] **Carl Sargeant:** I intend to announce the review in the autumn. I will be taking some time through the summer to reassess—

[166] **Alun Ffred Jones:** When you say ‘the autumn’, it is a long season—

[167] **Carl Sargeant:** I know, and autumn varies across Wales, depending in which part you live. I am afraid that you will not tie me down to a specific date, but I will say that it will be towards the end of the autumn, whenever that is.

[168] **Andrew R.T. Davies:** Is that this year?

[169] **Carl Sargeant:** It will be this year.

[170] **Alun Ffred Jones:** Is that October?

[171] **Carl Sargeant:** It will be around that date. What I do not want is people coming back saying, ‘You told me you were going to be issuing this in October’. I am saying ‘the autumn’. If I can do it in September, I will. I am trying to evaluate the programme to ensure that we profile the schemes in the appropriate way and make the right decisions. With regard to how I will make those decisions, we want to deliver higher levels of mobility across Wales through economic and social development, so we will be taking some examples from external stakeholders about how they see the development. I met the Confederation of British Industry recently and discussed its concerns about the current national transport plan model. The business world is saying that the east-west route is very important to it, whether it be in the north or the south. I must listen to that and take soundings from my department and external stakeholders. That is where I will be coming from with regard to what benefits there are to economic growth and social growth in Wales. In the autumn, I will make a more detailed plan available.

[172] **Alun Ffred Jones:** You said that you met the CBI; who else are you meeting?

[173] **Carl Sargeant:** I will be having discussions with my team and advisers on whom we should be taking soundings from. The CBI is just one organisation with which I have already met. I will be meeting the transport consortia next week, again to listen to their concerns and thoughts around priorities. With regard to the people on the ground, I can make decisions here that have huge impacts, and I genuinely want to listen to people who are affected by the decisions that we make in the Assembly. It is very important that we get as close as possible to the service users, as opposed to making ad hoc decisions here that could potentially have huge impacts on the transport system in Wales.

[174] **Alun Ffred Jones:** Are the projects identified in the 2011-12 capital spending plan published in March included in the review?

[175] **Carl Sargeant:** The ones that are complete, no; the ones that are not, yes.

[176] **Alun Ffred Jones:** The ones that are not complete—

[177] **Carl Sargeant:** The ones that are on the list that have not started are in the review. Everything is up for grabs.

[178] **Kenneth Skates:** Thank you for coming today, Minister. It is good to see you here. We all know that the belt is being tightened and that capital budgets are being reduced, but how can you balance the goals of developing the Welsh internal road network with the aspirations to develop the strategic trans-European corridors referred to in the Labour manifesto?

[179] **Carl Sargeant:** You are absolutely right to identify the difficulties of balancing the books and priorities. Again, that goes back to the transport plan and what our national priorities are, which will have an impact on local services. The overarching national transport plan is just part of the jigsaw of transport provision across Wales. There are many elements that we need to take into consideration around the decisions that we make. Local bus routes are very important to all of you, but they will have an impact on the road development structure that we have in place. It is just part of the jigsaw. We are juggling many balls at present to see how this fits in to a broader announcement in the autumn to see whether we can shape a new transport system for Wales that is fit for purpose in the future with less money. It has been a very challenging position. We have had a 40 per cent reduction in capital spend. They are huge numbers to which we are trying to realign our budgets in terms of the way that we take this forward.

[180] **Kenneth Skates:** Is consideration being given to alternative sources of funding, such as private finance initiatives, public-private partnerships and road-toll charging?

[181] **Carl Sargeant:** Yes. I have asked officials to consider many alternative methods of funding. I am not convinced by the argument in favour of traditional PFI schemes. They offer quick fixes, but they do not add value for money in the long term. Therefore, while I am open for discussion on alternative methods of funding, we must look very carefully at what we commit to.

[182] **Andrew R.T. Davies:** For clarity, Minister, I assume that there is no source of funding that you have ruled out on ideological grounds at present. I assume that you are open-minded, although some forms might need to be tailored to the specific needs of the Government.

[183] **Carl Sargeant:** Yes, however—

[184] **Andrew R.T. Davies:** Just stop there. [*Laughter.*]

[185] **Carl Sargeant:** The point that you made is correct. However, there are schemes that are less favourable than others, which I would perhaps be concerned about. I am happy to listen to people who want to talk to me about alternative methods of funding. There are key elements to this in terms of the borrowing opportunities in Wales. You know that the First Minister is currently approaching the UK Treasury to look at the opportunity to borrow. That is a fundamental opportunity for us. If we do not get borrowing powers, many of the road schemes that we have planned, or plan to build for the future, will be shelved because we will not be able to afford them. The borrowing powers are essential to the development of our infrastructure. We must remember that Scotland already has these powers. This is not a political point; it is a practical point. We must ensure that we have parity with other nations across the UK. Scotland and England have these powers, but we do not have them in Wales. In order to have the ability to develop an infrastructure, these powers are fundamental, and I know that you believe strongly in developing the economy. Borrowing powers are essential

for the development of new road build.

[186] **Kenneth Skates:** So, to be absolutely clear on this, extra borrowing powers are at the heart of creating the big east-west European transport economic corridors and unleashing the economic potential of north-west, north-east, south and mid Wales.

[187] **Carl Sargeant:** Absolutely. For example, if we were to significantly transform the very congested M4, any significant changes to a scheme would incur a huge cost and we just could not afford that without borrowing powers.

[188] **Andrew R.T. Davies:** To clarify, Minister, you have talked about borrowing powers and said that nothing is being ruled out. One thing that is looked at with regard to borrowing powers is whether there is a revenue stream to pay for any borrowing. I presume that you are also considering tolling as a revenue stream to sustain any potential borrowing power.

[189] **Carl Sargeant:** I have no current policy on tolling.

[190] **Andrew R.T. Davies:** No, but you are looking at it.

[191] **Carl Sargeant:** My door is open to look at how we develop programmes. Currently, I am not looking to develop a tolling scheme in Wales. If options were brought to me that would indicate developments, I might possibly consider them in the future, but it is not one of my proposals at the moment.

[192] **David Rees:** In your written evidence, you state that

[193] ‘the transport network plays a vital role in reducing poverty by supporting economic growth’.

[194] I totally agree with that, particularly in linking people from deprived areas to jobs. What steps do you intend to take to enhance the quality or reliability and safety of local bus service provision in Wales, because most of those areas are only accessible by public service buses?

[195] **Carl Sargeant:** Bus services are important to all of us. In our postbags, as constituency Members, we often get letters about buses not turning up or access to the services being limited, particularly at weekends or off-peak hours. So, that is another key issue that the team is looking at. I said earlier that it is about the jigsaw effect of the implications of the national transport plan. Buses and train travel all fit into that holistic view of transportation. What do we do with bus services in the future? There are some good examples of bus services, which are generally more effective in urban areas, where running those services is more cost-effective. There is a delivery problem in more rural areas. That is why we have targeted some areas for the bwcabus service and provided funding streams for the TrawsCambria route—economically, they are not that viable without subsidy. I have already asked the team to bring me a submission on the nationalisation of some bus service routes. Again, I am still in discussions with my team—

[196] **Andrew R.T. Davies:** Is that nationalisation or reregulation?

[197] **Carl Sargeant:** I said ‘bus routes’ as opposed to ‘bus companies’.

[198] **Andrew R.T. Davies:** You said nationalisation.

[199] **Carl Sargeant:** Yes, of bus routes, which could offer an opportunity for packages of travel; if the schemes are large enough, there is a lot of money in the travel scheme. Within

those programmes, you would also get some of the less profitable routes—it would come as a package. I have asked my team to start looking at the potential for that, to see whether we can get value for money in the system as well as the good service and quality that people expect.

[200] **David Rees:** So, we can confirm that you are looking at reregulation of some aspects of the bus market.

[201] **Carl Sargeant:** Of bus routes, currently.

[202] **Julie James:** When you are looking at that, Minister, I presume that you will be looking at integrated transport structures, namely the interface between rail and buses, which, as you know, is a continuing point that is raised in all our postbags.

[203] **Carl Sargeant:** You are absolutely right, and we have good examples of that in some areas. However, across Wales, we seem to—I will not say ‘lack ambition’, because that is not the right phrase—lack development opportunity. We do not share best practice, or, if we do, we do not complete it across Wales. We have some pockets of really good practice, where there is good integration of transport packages from bus to train to local cycle routes, all leading to a transport programme. However, it is not consistent across Wales. I have been driving the question of how we should share this best practice through local authorities. If they do it well, they should share it with others. That is why we go back to the joint transport authorities or the regional transport consortia. It is a fundamental part of their role to take this beyond their local environment, on a national scale. So, there are some key elements that I would like to see shared across Wales.

11.30 a.m.

[204] **Andrew R.T. Davies:** I have two supplementary questions, but I will just make a point to you, Minister, on something that I have championed for the last couple of years, and on which I have had assurances that progress has been made: namely, the training of drivers and conductors on trains and buses to deal with customers with visual impairments, or other forms of disability. Very often, these customers have a good service on one form of transport—I think that it is the trains—but then, when they rely on the bus to finish their journey, there is little or no training for the staff. That means that a joined-up transport option is a non-starter for many people with disabilities. Could I have a commitment from you that you and your officials are taking this issue seriously, and are working with the bus and train operators to develop training packages? They provide the training, admittedly, but, as the commissioner, you could include it in contracts.

[205] **Carl Sargeant:** I share your concerns around this. In the previous Government, equality issues were part of my portfolio, and the rights of service users with disabilities were key to the programmes that we took forward. I will ask Tim to give you examples of what we are doing, but there is an awful lot more work to be done. There is a cost involved in doing this, but I share your concern, and I would seek to champion this with you in taking this agenda forward. It is a long game, but we are moving in the right direction, and you have my commitment on this. Tim will give you some examples, if that is helpful.

[206] **Mr James:** I will give you an example of work that we have done on audio-visual announcements. Clearly that is important, and we have worked with Guide Dogs for the Blind and Bus Users UK to produce a best-practice guidance note for bus operators, to be published at the end of this month. That will enable providers to train staff on the needs of people with visual impairments. That guidance is just one step forward, but it is a start. To support that, we are investing funding in TrawsCambria vehicles, so the Welsh Government is leading by example—when we fund vehicles, we will ensure that they have the equipment to make audio-visual announcements. That is a starting point.

[207] **Alun Ffred Jones:** You mentioned best practice in terms of integrated transport. Can you give us examples of such schemes?

[208] **Carl Sargeant:** There are schemes that align bus services with Arriva trains, so that the bus arrives when the train does—you do not want them arriving an hour late or, even worse, just 5 minutes after the train has gone. There are examples in north Wales of that, and I know some of the areas where that happens. There are also tickets that are transferrable from buses to trains. I do not know whether it is worth mentioning the ticketing system that we are developing.

[209] **Mr Collins:** On the theme of integration, the implementation of the park and ride schemes along the Taff valley and the A470 has been very popular. They provide an excellent service, and allow for a modal shift away from cars, reducing the capacity demand on the roads and allowing us to exploit the capacity provided by rail. We are rolling that out under the sustainable travel centres initiative, and looking to improve connections to Cardiff by, for instance, implementing park and rides in the Vale of Glamorgan and up the Valleys. When you look at convenience of interchange, we are working on a Wales transport entitlement card. The best way of thinking about that is as a sort of Oyster card for Wales. There are pilot schemes where that will be trialled—in Bangor, and in south Wales, with a few limited users. The back office is in place, and we are working with Arriva Trains Wales. The ambition is that users of transport in Wales would have a card that would enable them to take the bus, train or anything else, so there would be convenience of choice. Those are examples of integration.

[210] We have a particular focus within the office on the integrated transport solutions in the sustainable travel towns initiative, which is more of an ethos, and will be followed up by a training programme that we have contracted with Sustrans involving personalised travel planning. Put simply, we will go out and respond to those who are interested, training them in how to use the transport system, telling them what is available, where the nearest bus stop is, how to use integrated ticketing and so on.

[211] **Byron Davies:** I had a supplementary question about ticketing and you have answered it, so thank you. My main question to you is on that very modern chestnut, namely rail electrification from London to south Wales. As you know, this was announced on 1 March. David Cameron has been here twice and told us that, if you put the business case forward, he will consider the Cardiff to Swansea line. I would like to know what work is being undertaken on your part in terms of the business case to secure this.

[212] **Carl Sargeant:** I wrote to Philip Hammond very early on when I became the Minister responsible for this, asking for a meeting with him on how, as the Welsh Government, we could aid the programme for a business case to be submitted to the UK Government. I certainly welcome the announcement of the decision to electrify the line to Cardiff, but I must put on record my disappointment that it did not go as far as Swansea. That is something that I will be working on with my team to achieve. With regard to the practical things that we have done, my team recently met officials in Westminster about developing a business case, which I believe is a positive step forward. Again, we must have a collective discussion around the programme, involving the authorities in Swansea, Cardiff and Bridgend—all those authorities that will benefit from this. We have to create a strong business case, and I think that we can do that. I am currently optimistic that there may be opportunities for us to develop a better business case, which will hopefully be viewed positively by the Westminster Government.

[213] **Byron Davies:** Do you have a timeframe for that?

[214] **Carl Sargeant:** We have already started on the detail for the business case. I do not know whether the team has an end date for this programme.

[215] **Mr James:** We have a fully resourced project team in place working on two projects: the south-west main line Swansea to Cardiff business case, and Cardiff to the Valleys. That business case work will be completed by December this year and presented to the Department for Transport. Jeff and I are leading that piece of work, and we will ensure that all of the benefits to Wales are fully reflected, because, clearly, Welsh Government is better placed to capture those benefits than DFT. We are tying in the consortia: SWWITCH for the Swansea to Cardiff business case, as well as the economic fora and, similarly for the Cardiff to Valleys line, we are tying in SEWTA, the consortia, local authorities and the south-east Wales economic fora, so that we can bring all of the positive energy that we hear about into one place to make the case once.

[216] **Andrew R.T. Davies:** Perhaps I misheard, but the way I understood you is that you were talking about the electrification of the line from London to Cardiff and the Valleys line. What about the business case from Cardiff to Swansea? Is that going on simultaneously?

[217] **Mr James:** Simultaneously, yes.

[218] **Andrew R.T. Davies:** Is that within the same group?

[219] **Mr James:** They are separate groups within the same project team. There are two pieces of work: one around the Swansea to Cardiff line, tying in with SWWITCH, which is the south-west transport consortia; the same project team is working on another piece of work, which is the Cardiff to the Valleys electrification, tying in the south-east Wales consortia and the south-east Wales economic fora. So, there are two discrete pieces of work, which will come together in December this year.

[220] **Byron Davies:** On the wider electrification of the Wales network—north Wales, east-west Wales and from Swansea down—to use the Swansea case, because it is within my knowledge, if you get as far as Swansea, assuming that the line is electrified that far, which I sincerely hope happens and will work towards achieving, everything will stop at Swansea: it will be ‘all change’ and then chug, chug, chug all the way to Milford Haven, Fishguard or wherever you are off to. What are your views on that?

[221] **Carl Sargeant:** The broader aspirations of the Welsh Government are for electrification across Wales. I share the view that it should not just be about the Swansea-Cardiff-London line. There are very important links right across Wales. I would be surprised if one of your colleagues in particular did not raise the matter of the line in the north or the east-west line or the Wrexham to Bidston line in that regard. This is a long-term aspiration by the Welsh Government about the development of these programmes. I share your view on electrification, but it is a starting point. The east-west line in the south is important, but the add-on is the electrification of the Valleys lines, which is extremely important in terms of gaining economic value from the system. I cannot give guarantees that we are going to be able to support electrification across the whole of Wales, because there is a huge cost involved in that. However, as far as long-term aspiration, that is something that I would like to—*[Interruption.]*

[222] **Andrew R.T. Davies:** I have to cut you off there, Byron, because we have two more contributions; I will come back to you if we have time at the end.

[223] **Julie James:** Minister, as you know, we have already had some discussions about the electrification of the line down to Swansea, and no-one here will be surprised that I am going to talk about that for a minute. I have also had several meetings with various civil servants

from Whitehall and the Minister knows that there is a meeting today between various MPs and the Secretary of State for Transport in Westminster. I would like to hear the Minister's views with regard to a number of things that have been raised in those meetings. The first is the availability or otherwise of convergence funding and the effect that might have on the situation, and the discussion between the Welsh Government and the UK Government about responsibilities for funding this project.

[224] My second relates to bimodal trains. I cannot think of a nice way of saying this, so I will just say it outright: I have been told that one of the reasons that the line is not being electrified to Swansea is because it gives a nice opportunity to experiment with bimodal trains, which we do not have anywhere else. I am not delighted to be told that one of the reasons for the non-electrification is an experiment in train types. I would like some assurances that you are working on that not being the case.

[225] My third point, forgive me Chair, is the issue of onward transportation and the business about infrastructure links—bus and rail links—past Swansea, the opening up of west Wales, and the assumption that we are open for business in Wales past Cardiff.

[226] **Carl Sargeant:** I would be happy to write to the committee in terms of some of the detail around that. Briefly, I have concerns around convergence funding. This is a UK project and convergence funding is a Welsh element. I believe that the UK Government should be funding electrification to Swansea and we are creating a business case that, hopefully, will develop that argument better. In terms of services beyond Swansea, as I mentioned earlier, the electrification programme in terms of the Valleys lines is another aspiration. However, let us not forget that we have just invested some funding for three additional train services a day from Fishguard, which will start in September, I think—

[227] **Mr James:** They will start on 12 September.

[228] **Carl Sargeant:** That is about further investment, albeit still with the opportunity for long-term aspirations for developing that line and developing different programmes. However, these programmes are very cost-intensive.

[229] **Andrew R.T. Davies:** Thank you for that, Minister. I have had four indications from Members wishing to ask supplementary questions. I will take Joyce's question, as I indicated, but, if I may, I will hold the others until the end so that we get to the end of the set questions. If there is time, we will try to take those supplementary questions at the end.

[230] **Joyce Watson:** My question is fairly straightforward; at least, I think it must be. There must have been a business case by the previous Westminster Government that said that the electrification down to Swansea was viable. That must exist somewhere. We have had a new Government that has said 'no, it's not viable, so we are doing it to Cardiff', and there will now be a huge cost in having to redo all of the work that must have been done in the first place by another Government; our Government. I would like some information about that. I am happy to have the evidence later, but will you also find out whether anything has changed between the original case that was made—and we would have argued our part and incurred costs to do that—and the change that happened virtually overnight with the new Government?

11.45 a.m.

[231] **Carl Sargeant:** I will probably have to write to the committee with the answer to your very detailed question. What has fundamentally changed is the funding streams and the ability to pay for these schemes. Departments in Whitehall have faced significant cuts recently, and so that rolls on. While I do not suppose that the ambition has changed for what they want to deliver, the financial opportunity to do so has. So, that may be one of the

arguments presented as to why schemes are now either supported or not. I am happy to write to the Chair to give some clarification on the questions that you have raised.

[232] **Andrew R.T. Davies:** Was a business case originally in place for the entire line from Swansea to Paddington?

[233] **Carl Sargeant:** Yes, it was.

[234] **Leanne Wood:** You mentioned earlier the importance of parity between the different nations when talking about borrowing powers. Have you discussed proposals to devolve funding and powers for rail infrastructure, equivalent to those held by the Scottish Government, with the UK Government? If you have had those discussions, what response did you get?

[235] **Carl Sargeant:** I have not yet had those discussions, although my department, prior to my becoming Minister, has had some thoughts on that issue. If and when I have those discussions, they will primarily depend on a discussion with the Westminster Government regarding an Act of Parliament to transfer powers. However, ultimately, the funding is the key to any transfer of powers, and we would not want the powers without the funding. That is something that I would have to seriously consider for the future.

[236] **Leanne Wood:** Do you intend to ask it to pass that legislation?

[237] **Carl Sargeant:** I have not discussed that with my officials yet, to be perfectly honest. However, following your question, I am happy to give this issue some further consideration.

[238] **Leanne Wood:** Your predecessor discussed other options for the increased accountability of Network Rail. Can you give us some information about what those extra options are and what is being considered on that front by the Welsh Government?

[239] **Carl Sargeant:** Network Rail has just appointed a new route managing director for Wales, and I will be meeting him and the new chief executive shortly. The accountability element is about ensuring that we have Welsh identification. So, having this person responsible for networks in Wales will be an uplift to responsibility and actions going forward. Tim or Jeff may want to comment further about discussions that the previous Minister had with regard to strengthening this proposal.

[240] **Mr James:** They were mainly with the Office of Rail Regulation about ensuring that Wales was fully represented in discussions. When the Office of Rail Regulation funds Network Rail for its five-year control periods, it does so on an England and Wales basis, so we articulated our priorities clearly as to what we expected the UK Government to fund in Wales. I am pleased to say that only last week, on Monday, the Office of Rail Regulation held one of its four UK workshops for industry in Wales to ask the industry and stakeholders what they felt the priorities for the next control period should be. We are seeing a change in the devolution of decision making but without the powers to do so. With regard to behaviour, the rail regulator, Network Rail, is meeting us more regularly, at the right level, to ensure that decisions are made about Wales in Wales.

[241] **Leanne Wood:** That is positive, but the previous committee in its legacy report said that

[242] ‘Welsh Ministers should be encouraged to seek further devolution of relevant powers and associated funding for rail infrastructure and services in Wales.’

[243] So, certainly from Plaid Cymru’s perspective, we would like that to be pursued.

[244] Finally, I have listened carefully to what you have said in this meeting this morning, and I am aware, as a member of the previous Sustainability Committee, that there was a debate within the transport portfolio in the previous Assembly on the balance between expenditure on road and rail projects. Can you give us some information about your thinking on that balance?

[245] **Carl Sargeant:** Off the top of my head—the team will be able to give some more detail—there was a modal shift to travel schemes involving trains and buses as opposed to road development schemes. I do not know whether Tim has the percentages with him, but we can offer them to the committee to show what shift there has been. Again, I have already had discussions with the Minister for Environment and Sustainable Development on how to develop alternative travel methods as opposed to building roads. However, we have to acknowledge that there is still a need for the development of new road schemes; for example, we see that the M4 is heavily congested. We can offset that through rail travel and other alternatives, and I will do that as much as I can, but there will always be a need for the development of some road schemes. That is why the national transport plan is important, in that we reprioritise those developments as part of a package of things that we are doing in the whole transport portfolio. We can then develop a better programme for the Government to deliver some of the things that I know that you care about in terms of the environmental impact of road development.

[246] **Leanne Wood:** Do you have an idea of the percentage split that you would like to see?

[247] **Carl Sargeant:** No; I do not have any fixed figure in mind. I am happy to undertake more work on that regarding where we are at present, as I know that there has been a modal shift in transportation.

[248] **Leanne Wood:** For your information, the percentage split in Scotland is 70:30.

[249] **Carl Sargeant:** I do not think that we have reached that point, but I will get those details to you.

[250] **Julie James:** Going on to the rail franchise, we have had some discussions about problems with rolling stock. In your paper, you talked about the feasibility of a not-for-profit or a community-interest company or similar for the Wales and borders franchise. Can you give us a bit more detail about your ideas along those lines and how you might propose to take forward such a commitment? I was at the ASLEF conference recently when the First Minister said something similar.

[251] **Carl Sargeant:** Perhaps I should have read his speech, in case I say anything different. *[Laughter.]* This is an important manifesto commitment. We are establishing what the franchise could look like after 2018. The current franchise will last until then. My general thoughts regarding what we need for the future involve rolling stock and quality investment from the franchise holders as opposed to Welsh Government investment. The Government will invest, but the issue is how the franchise holders can invest back into the system, because that is important. First, we have to establish what we want, before we develop the scheme. We have to ensure that we know what outcomes we are looking for when we are looking at the future franchise. As I said, this is a long programme—we have until 2018—but we are starting work on it now because we recognise how significant a development and change this could be. The interested parties will be keeping a close eye on our policy and how it develops over the next couple of months.

[252] **Keith Davies:** Following on from that, my question is on the quality of the rolling

stock. As far as Arriva Trains Wales is concerned, the matter goes hand in hand with the franchise. Going back to electrification and following on from Julie's comments, if it wants to experiment with bimodal trains, that experiment could start on the Swansea to Fishguard route, because you said earlier that there will be new services from Fishguard. I could then get a train from Llanelli to Cardiff without a problem. How are you going to procure the bimodal trains? If you electrify the Valleys lines, how are you going to procure the electric trains for the Valleys?

[253] **Carl Sargeant:** I will ask my team about some of the specific details on that. I should ask them to have a chat with you about your personal travel plan, Keith, to see how we can enhance it somewhat. *[Laughter.]* The issue of the next franchise is important in terms of what we want and what we are going to get for our money.

[254] The current franchise is interesting. There are opportunities for the future in how we develop better infrastructure, in terms of rolling stock and people's expectations of a modern rail service. That will be up for grabs post 2018. We are working hard to establish the outcomes that we want. Integrated travel plans are part of the proposal and should fit nicely into the overarching theme. I will refer the question about bimodal trains to Tim.

[255] **Mr James:** I will address the question about rolling stock first. Currently, the majority of trains in the franchise are leased—they are not owned by Arriva. Those contracts come to an end coterminously with the franchise. Therefore, from 2018, the choice to be made is between purchasing and leasing rolling stock. The key to unlocking that decision is electrification. If the UK Government funds electrification between Swansea and Cardiff and on the Valley lines, we will know what sort of rolling stock we need to start thinking about, post 2018. In the absence of that, if we made the decision today, we could make the wrong call. That is why we are awaiting the outcome of the review and working hard to make a good case for electrification, not only from Swansea to Cardiff, but also to the Valleys, so that we can plan properly for 2018.

[256] **Carl Sargeant:** We recognise the importance of quality and have invested £7.5 million of Welsh Government money into the refurbishment of Arriva Trains Wales's stock. That has already started but there is still more work to be done on some of the carriages. We are already seeing newly painted and newly upholstered trains across Wales.

[257] **Andrew R.T. Davies:** We have a number of supplementary questions. Ken, would you like to come in first?

[258] **Kenneth Skates:** My question is purely selfish and based around north Wales. You mentioned the electrification of the main line in north Wales. How are you going about meeting that aspiration?

[259] **Carl Sargeant:** This is UK Government and Network Rail investment, and my team is committed to ensuring that that stays on the agenda. That is part of our broader expectation of service delivery across Wales. Electrification is the route to ensuring high-speed, high-quality services for Wales and beyond its boundaries. There will be electrification in Birmingham and on the main lines from northern to southern England. We must have links that fit in to that, and my team is working to build up those cases.

[260] **William Powell:** The national transport plan of 2009 included a commitment to ensuring an hourly service between Shrewsbury and Aberystwyth by 2011, at the latest. Is there an update on that? I hope that there will be news about the Carno station and Bow Street station projects in the near future.

[261] **Carl Sargeant:** Timetables are not my best subject, but I would be happy to write to

the Member on that specific, local issue in the next week or so.

[262] **Byron Davies:** This is probably a bit out of context, but I will highlight a point and seek an assurance from you. Earlier, you talked about your role cutting across Government departments. I believe that the rail infrastructure is responsible for assisting employment and education. For example, electrification of the line from Swansea would allow people from rural areas to travel from west Wales to Cardiff for employment. I always quote the example of somebody living in Newcastle Emlyn who wants to get to Cardiff to work in the insurance industry. At the moment, the buses do not meet with the trains, and the trains to Cardiff are infrequent.

[263] **Carl Sargeant:** I am conscious of that structure: the network that includes trains, planes and automobiles, as they say.

[264] **Andrew R.T. Davies:** You are John Candy, are you?

12.00 p.m.

[265] **Carl Sargeant:** I have been called many things, Chair. *[Laughter.]* This is a serious issue. If people from the Valleys or Newcastle Emlyn can only get to Cardiff by 9.25 a.m. and their work starts at 9 a.m., that is just not good enough. So, we have to try to create that structure. That is why I talked earlier about bus routes and tying some of the routes that are less profitable to the more profitable package. That will perhaps enable services to start at 7 a.m.. It is important for those people to be able to get to work, wherever that may be, for economic growth. So, I certainly have my eye on that. Again, that is part of a package. You cannot take the national transport plan in isolation; you have to look at all the other elements of the transport portfolio to develop that.

[266] **Andrew R.T. Davies:** David has a final supplementary question, and then we will conclude.

[267] **David Rees:** You are talking about transportation, but accessibility is also a major issue. The previous Government had a programme for improving train stations, and had the funding for that. Will that continue in this Government?

[268] **Carl Sargeant:** Yes, it will continue. I do not know whether Tim has any further detail on the scheme.

[269] **Mr James:** We will write to you, but, effectively, the national stations improvement programme for Wales continues. Funding has been set aside for that because, clearly, improving access is the right thing to do. It is the UK Government's responsibility, and it also needs to fund some of that. That is why we have said that, in the next control period, we expect the UK Government to be doing the same as we have been doing and to put its money into making more stations in Wales accessible. Therefore, our funding for NSIP, as we call it, is continuing. There are some good examples, such as Cardiff Central station and the platforms and the lifts there. We did that quickly. It took the rail industry 12 years to do it, but we did it in a year. That shows what can be done if you devolve decision making to a local level.

[270] **Andrew R.T. Davies:** Thank you, Minister, Tim and Jeff for attending this morning. We are grateful for your evidence. There were a few issues on which the clerk and you, Minister, and your officials will be liaising. That correspondence will be circulated to Members for their consideration.

12.02 p.m.

Gohebiaeth gan Gadeirydd y Pwyllgor Deisebau
Correspondence from the Chair of Petitions Committee

[271] **Andrew R.T. Davies:** Turning to other business, we received a letter yesterday from the Petitions Committee; the Chair, Mr William Powell, sits with us here. It refers to us three petitions that the Petitions Committee has dealt with. Two relate to business rates, and one relates to innovation. We will circulate those to Members, who can then give us their opinions on whether the committee can take them forward as part of inquiries that we might undertake. I will write formally to William to say whether the committee is able to take the petitions forward or is able to bear them in mind for future inquiries.

[272] The next meeting will be held on Thursday, 22 September. Thank you all for your attendance; I hope that you have a good summer recess.

Daeth y cyfarfod i ben am 12.03 p.m.

The meeting ended at 12.03 p.m.