



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

Y Pwyllgor Menter a Busnes The Enterprise and Business Committee

**Dydd Iau, 04 Rhagfyr 2014
Thursday, 04 December 2014**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

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

Rhun ap Iorwerth	Plaid Cymru The Party of Wales
Jeff Cuthbert	Llafur Labour
Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
William Graham	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Gwyn R. Price	Llafur (yn dirprwyo ar ran Mick Antoniw) Labour (substitute for Mick Antoniw)
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Tracey Burke	Cyfarwyddwr, Strategaeth, Llywodraeth Cymru Director, Strategy, Welsh Government
Edwina Hart	Aelod Cynulliad, Llafur (Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth) Assembly Member, Labour (The Minister for Economy, Science and Transport)
Gareth Jenkins	Cadeirydd, Ardal Menter Glyn Ebwy Chair, Ebbw Vale Enterprise Zone
John Idris Jones	Cadeirydd, Ardal Menter Eryri Chair, Snowdonia Enterprise Zone
Dr Jon Lamonte	Prif Weithredwr, TfGM Chief Executive, TfGM
Roger Lewis	Cadeirydd, Prifddinas-Ranbarth Caerdydd Chair, Cardiff Capital Region
Steven Phillips	Cynghorydd, Dinas-Ranbarth Bae Abertawe Adviser, Swansea Bay City Region
James Price	Cyfarwyddwr Cyffredinol yr Economi, Gwyddoniaeth a Thrafnidiaeth, Llywodraeth Cymru Director General, Economy, Science and Transport, Welsh Government

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

Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Siân Phipps	Clerc Clerk
Ben Stokes	Y Gwasanaeth Ymchwil Research Service
Richard Watkins	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 09:32.
The meeting began at 09:32.

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **William Graham:** Good morning and welcome to the Enterprise and Business Committee, particularly to our witnesses today. The meeting is bilingual. Headphones can be used for simultaneous translation from Welsh to English, on channel 1, or for amplification, on channel 2. The meeting is being broadcast, and a transcript of proceedings will be published. I remind Members and particularly witnesses that there is no need to touch the microphones—they should come on automatically—and in the event of a fire alarm, please follow directions from the ushers.

09:33

Ardaloedd Menter, Dinas-Ranbarthau a Metro Enterprise Zones, City Regions and Metro

[2] **William Graham:** This is a one-off session today as part of the committee's continuing scrutiny of progress of enterprise zones, city regions and the metro. I welcome our witnesses today, Gareth Jenkins and John Idris Jones. Thank you for your letter, which gave us some background. For the record, could I ask each of you to give your name and title?

[3] **Mr Jenkins:** I am Gareth Jenkins, chair of the Ebbw Vale enterprise zone.

[4] **Mr Jones:** I am John Idris Jones.

[5] Cadeirydd ardal fenter Eryri. Chair of the Snowdonia enterprise zone.

[6] **William Graham:** Thank you very much. We will go straight into questions. I will start with the first question. It has often been said that the presently constituted enterprise zone boards are largely ministerial advisory groups, in essence. So, how do you think you are going to be able to advise Ministers in the future, and what success have you had in advising Ministers in previous sessions?

[7] **Mr Jenkins:** That is an interesting question. I have not really heard the boards being referred to as 'ministerial advisory groups' before, so that is probably your perception as opposed to mine. I look upon it as a strong private sector influence of indigenous businesses within the locality; that is how we approached the set-up of the boards. I know that you have met the Ebbw Vale board. If you look at it, it is predominantly made up of chief executives of indigenous businesses. However, I would not disagree with your observation because I would like to think that the Minister takes a great deal of notice of the things that we say. I think that, for the future, that strong private sector, indigenous business influence is what makes it a success. I think that there is one key lesson about enterprise zones, which are not a new idea; it has been around for decades. The lesson of the past, and we had people look at this, is to make sure that you take the local community, the local authority and the indigenous businesses with you. It is not just a case of parachuting investment in and leaving people feeling disenfranchised. So, I think that success very much turns on that private sector influence.

[8] **Mr Jones:** Byddaf yn siarad yn Gymraeg, os yw hynny'n dderbyniol. Rwy'n meddwl y gwnaf i ategu a chytuno â'r hyn y mae Gareth wedi ei ddweud. Mae gan y cynrychiolwyr ym mharth menter Eryri angerdd am yr ardal a dyhead i weld pethau'n

Mr Jones: I will speak in Welsh, if that is acceptable. I think that I will echo and agree with what Gareth has said. The Snowdonia enterprise zone representatives are passionate about the area and want to see things happening in the area. The members of the

digwydd yn yr ardal. Mae aelodau'r bwrdd yn gweld eu hunain fel cynrychiolwyr y sector preifat ac, gyda'r adran addysg a'r brifysgol, mae gennym angerdd dros weld pethau'n digwydd yn yr ardal. Fodd bynnag, hefyd, rydym yn gweld bod gennym rôl o ddod â synnwyr cyffredin i mewn i weld beth sydd yn bosibl mewn ardal. Mae'n un peth cael breuddwydion; mae'n beth arall eu troi'n realaeth. Rwy'n meddwl bod cael pobl o'r sector preifat yn eistedd ar y bwrdd yn dod â realaeth, weithiau, i freuddwydion.

board see themselves as representatives of the private sector and, along with the education department and the university, we are passionate about seeing things happen in the area. However, we also see ourselves as having a role in bringing common sense into looking at what is possible within an area. It is one thing to have dreams; turning them into reality is another thing altogether. I think that having people from the private sector sitting on the board brings a sense of reality, sometimes, to people's dreams.

[9] **William Graham:** I thank you for that. I have been around all but two of the boards, and I have always been very impressed with the balance of those boards. My visit to the Haven was the first, which was the least successful, but at the others, I was always very impressed. It is exactly as you describe—there was that sense of continuity with local businesses. The involvement with further and higher education was equally important. How would you advise the Minister in terms of consolidation of these enterprise boards, because if the Minister changed, the boards could disappear?

[10] **Mr Jenkins:** I have always said to the Minister, and any Minister and any AM who will listen, actually, that enterprise zones are here for the long haul. The commitment of my board members, certainly, is for the long term. I think that everything that we have recommended to Government, whether it is as Industry Wales, a sector panel or as an enterprise zone board has always stressed that it will go beyond one administration of Government. It will probably go beyond two or three, and I keep stressing that message that an enterprise zone is a long-term tax break, in effect, which is very popular with UK Government. However, there is no silver bullet, there are no instant results, and there will be changes. I worked with the current Minister's predecessor and, before that, his predecessor, and I think that we recognise that things change. We are geared up for that. I do not see it making any difference to the way that we look at things.

[11] **Mr Jones:** Rwyf innau'n gweld pethau yn yr un ffordd â Gareth. Mae parth menter yn rhywbeth sydd yno ar gyfer y tymor hir ac, yn bendant, mae angen sefydlogrwydd hirdymor i sicrhau bod y gwaith sydd yn cael ei wneud yn awr yn dod â ffrwythau gerbron yn y dyfodol. Rydym ni'n gweld, o brofiad, ym mharth menter Eryri mai gwaith ar gyfer yr hirdymor yw'r gwaith rydym ni'n ei wneud yn y fan honno. Nid oes y fath beth ag enillion sydyn. Nid yw'r *quick wins* yn bodoli yn rhai o'n parthau menter ni. Y weledigaeth sydd ei hangen yw gweledigaeth tymor hir a hefyd gweledigaeth o gydweithio a chydweithredu. Rydym yn ffodus yng ngogledd Cymru ac rydym yn ffodus fel cadeiryddion bwrdd ein bod yn medru gweithio gyda'n gilydd, ac mae eisiau adeiladu ar hynny i greu'r ymdeimlad hwn o gryfder Cymreig, ac nid edrych ar barthau menter unigol.

Mr Jones: I see things in the same way as Gareth. An enterprise zone is something that is there for the long term and, certainly, there is a need for stability in the long term to ensure that the work that is being undertaken now brings success in the future. We see, from experience, in the Snowdonia enterprise zone that the work that we are doing is work for the long term. There are no such things as quick wins. They do not exist in some of our enterprise zones. The vision that is needed is a long-term vision and also a vision of collaboration and co-operation. We are fortunate in north Wales, and we are fortunate as chairs of boards that we can work together, and we need to build on that to create this feeling of Welsh strength, and not just to look at enterprise zones on an individual basis.

[12] **Jeff Cuthbert:** Hopefully, I am an AM who listens—

[13] **Mr Jenkins:** You certainly are, Jeff.

[14] **Jeff Cuthbert:** Thank you. I understand the point that enterprise zones in Wales should be seen as a Wales-wide project, but, obviously, allowing for local flexibilities and adaptability, depending on circumstances. The issue that I want to talk about in this particular slot is the use of the European Union structural funds. Whether it is competitiveness or convergence, the structural funds will be available to city regions. Obviously, they are at different levels of funding—I understand that. However, how do you think that enterprise zones can best use EU structural funds, especially in areas like skill development?

[15] **Mr Jenkins:** That is a great question, Jeff, and considering your background and how helpful you have been in the past, I appreciate where you are coming from. This is one of the key tasks. There are two particular weaknesses, or two particular issues, that every enterprise zone in the UK faces, and we are facing them now, and it is already too late: energy and skills. Without answers to those key issues, no enterprise zone of any magnitude in the UK is going anywhere at the moment.

[16] So, if we come back to Wales, I will give you some headline figures. We estimate that by 2017, the industrial sector—so, ICT, a bit of medical and advanced materials and manufacturing—will be about 8,000 skilled people short of what it requires, without any substantial success in an enterprise zone. We only employ 150,000 people, so it gives you some context as to what that gap is. To give you an example very close to home, in Ebbw Vale, if you parachute a significant investor into one of the enterprise zone areas, and let us say it created 400 or 500 jobs, which is a modest estimate for a manufacturing business, then the local skill infrastructure does not exist to fill that gap. They will come from the indigenous businesses. Those indigenous businesses will lose people and that will then become a restrictor to growth. So, this is quite a major problem and we have to address it. We have to direct European funds at those two key issues.

[17] On energy, and I know Jeff has asked me about skills, but energy has the same problem. When attracting a major investor into Wales or into the UK, they say ‘Where is my power coming from? How much do I pay for it? Is it sustainable?’ I am afraid that the answer at the moment would be, ‘You would go to Germany, or you would even go to Belgium before you came to the UK if you are a high, intensive energy user’. The same is true of skills. Thankfully, on skills, the rest of Europe has a similar problem, but it is not quite as bad as the UK’s, and certainly, in Wales, we need to direct European funding straight at those two issues. The problem with skills is that it is quite a long-term thing to combat. If we started now, we might bridge that 8,000 gap in four years’ time. That is how serious the problem is. So, yes, the European funds need to be directed absolutely at those two objectives, and skills has got the longest lead time.

[18] **Mr Jones:** Rwy’n cytuno eto gyda’r hyn y mae Gareth yn ei ddweud. Mae sgiliau’n hollbwysig er mwyn inni symud ymlaen. Rydym yn edrych yng ngogledd Cymru ar ddatblygiadau Wylfa Newydd, ar y posibilrwydd o tua 8,000 o swyddi yn ystod y cyfnod adeiladu a 1,000 o swyddi yn y tymor hir. Rydym yn edrych yng nghyffiniau Eryri i gymryd mantais o’r datblygiadau hynny.

Mr Jones: I agree again with what Gareth has said. Skills are vital for us to move forward. We are looking in north Wales at the Wylfa Newydd developments and the possibility of about 8,000 jobs during the construction period and 1,000 jobs in the long term. We are looking in the Snowdonia area to take advantage of those developments.

[19] Fel mae Jeff yn ei ddweud, mae’n waith hir i baratoi pobl ifanc ar gyfer swyddi. As Jeff says, it takes a long time to prepare young people for jobs. We need to do

Mae angen gwneud rhywbeth rŵan i helpu'n cwmnïau lleol, ein cwmnïau bychain, i fedru cymryd mwy o bobl ymlaen nag sydd eu hangen, a rhoi'r hyder iddynt wneud hynny. Os ydym yn gallu defnyddio arian Ewrop ar gyfer hynny, rwy'n meddwl bod hynny yn hollbwysig. Mae meithrin sgiliau ein pobl ifanc ni, ac ailsgilio'r bobl sydd mewn gwaith, a dyrchafu eu sgiliau hefyd, yn fater pwysig. Mae'r angen am sgiliau yn rhywbeth sy'n gyffredin yng Nglyn Ebwy, yn ardal Eryri ac yng Nglannau Dyfrdwy. Mae hyn yn broblem drwy Gymru benbaladr.

something now to help our local companies, our small companies, to take more people on than they need, and give them the confidence to do that. If we can use European funds for that, then I think that that is vital. Developing the skills of our young people, and reskilling people who are in work, and upgrading their skills as well, is a very important issue. The need for skills is common in Ebbw Vale, in Snowdonia and on Deeside. This is a problem for Wales in its entirety.

[20] Yr ochr arall y buaswn yn sôn amdani yw'r ochr isadeiledd. Yn ogystal â chost ynni i gwmnïau mawrion, mae hefyd yr angen ar gyfer isadeiledd lleol—i'r weïars i ddod i mewn. Os oes angen codi adeiladau ar barth menter, mae angen yr isadeiledd i fedru cysylltu â *network* Scottish Power, Western Power Distribution neu beth bynnag. Yn aml, pan mae cwmni'n dweud ei fod eisïau symud i mewn, rhaid iddo ddisgwyl am ddwy neu dair blynedd am hynny. Byddwn yn licio gweld arian Ewrop yn cael ei ddefnyddio yn rhagweithiol i helpu sefydlu gridiau lleol, i helpu sicrhau bod adnoddau ar gael fel bod cwmnïau'n medru cael yr adeiladau sydd eu hangen mewn da bryd.

The other side that I would mention is infrastructure. As well as the energy costs for large companies, there is the need for local infrastructure—for the wires to come in. If we need to build buildings in an enterprise zone, we need the infrastructure to be able to link up with the networks of Scottish Power, Western Power Distribution and so forth. Often, when a company says that it wants to move in, it has to wait two or three years for that. I would like to see European money being used proactively to help to establish local grids, to help to ensure that resources are available so that companies can have the buildings they need in good time.

09:45

[21] **Jeff Cuthbert:** If I may just briefly say, I cannot dispute what you say, and I take the issue up about power. I know that the Environment and Sustainability Committee has had a presentation about how that is viewed in Germany and the lessons that we can learn. However, going back, if I may, to the issue of skills, I accept the logic, clearly, of the points that you make. So, the question must be: what are enterprise zones doing in terms of influencing the skills agenda, certainly in terms of the use of the structural funds, but also—it is a long-term issue, but things have to happen now—in terms of working with further education and higher education to make sure, as far as we can, that the skills needs that we have are properly identified and are planned for?

[22] **Mr Jenkins:** Absolutely. I am meeting with your successor next week and this is very much the discussion. All the enterprise zones have contributed to the evidence gathering, which is where the 8,000 figure came from; that is hard evidence. So, I am grateful to all the other enterprise zones and all the companies that contributed to that analysis. So, we have some very detailed evidence for once about what the national picture looks like. I think what we need—and, again, all the enterprise zones are on a similar page here—is a big bang solution. We are going to need to have some sort of futureproofing hub located in each of the enterprise zones, or certainly in Ebbw Vale and Deeside as the two main manufacturing sites, that are going to address the size of problem that I have outlined to you. So, it is going to need a very decisive move here, backed with European funds, to cover that gap.

[23] As an example, one major UK-based aero engine manufacturer, which I will not

name, when I met it for the first time to discuss a possible inward investment, said, ‘We will not make the same mistake as we made in this English city the other side of the Severn, and that is to parachute into an area because we can cluster, only then to find that we are 500 people short and we are then in serious wage inflation and that the restrictor to growth is not technology; it is people’. So, I think that the companies themselves are looking for this big bang solution, because the first thing on their list is: where are my people going to come from? Generally, manufacturing businesses employ a lot of people—generally. So, if I am answering your question, I think that we will be looking for some serious backing here.

[24] **Mr Jones:** Yn nhermau gogledd Cymru, rydym yn cydweithio gyda’n cyfeillion ym Môn a Glannau Dyfrdwy, a gyda’n cyfeillion ar y bwrdd uchelgais, i dynnu at ei gilydd cynllun ar draws yr ardal a fyddai’n gwneud cais am arian Ewrop, yn ogystal â chydweithio gyda’n cyfeillion yn y parthau menter eraill. Yn ogystal â hynny, ym mharth menter Eryri, rydym wedi dechrau gweithio gyda’r ysgolion lleol ym Meirionnydd i godi ymwybyddiaeth pobl ifanc yno o’r cyfleoedd sydd ar gael, ac a fydd ar gael yn y dyfodol. Er enghraifft, rydym wedi cynnal diwrnod ym Maes Awyr Llanbedr i godi ymwybyddiaeth pobl ifanc o’r cyfleoedd sydd iddyn nhw. Rydym yn gweithio gyda grŵp Llandrillo Menai i edrych yn rhagweithiol ar yr anghenion ar gyfer y dyfodol yn nhermau sgiliau yn y gogledd-orllewin. Rydym wrthi yn sgwrsio â’r brifysgol ym Mangor ac yn ei hannog i edrych ar be fedr ei wneud i helpu i sicrhau bod sgiliau ar yr ochr beirianyddol yn arbennig ar gael yn yr ardal.

Mr Jones: In terms of north Wales, we are collaborating with our colleagues in Anglesey and Deeside, and with our colleagues on the ambitions board, to draw together a plan across the area that would make a bid for European money, as well as collaborating with our colleagues in the other enterprise zones. As well as that, in the Snowdonia enterprise zone, we have started to work with the local schools in Meirionnydd to raise young people’s awareness there of the opportunities that are available, and which will be available in the future. For example, we held a day at Llanbedr aviation site to raise the awareness of young people of the opportunities that are available to them. We are working with the Llandrillo Menai group to look proactively at the needs for the future in terms of skills in the north-west. We are talking to Bangor University and encouraging it to look at what it can do to help to ensure that skills on the engineering side in particular are available in the area.

[25] **Jeff Cuthbert:** Can—

[26] **William Graham:** I am keen to make progress.

[27] **Jeff Cuthbert:** Okay. I will come back later this time.

[28] **William Graham:** Thank you for the question. Byron is next.

[29] **Byron Davies:** Good morning, gents. On the enterprise zone boards, what is your relationship with the sector panels?

[30] **Mr Jenkins:** I used to chair the advanced materials and manufacturing sector panel for three years, which we then merged with ICT to form Industry Wales. So, I am in the position where I chair them all, in a sense, and, therefore, the interrelationship between the Ebbw Vale enterprise zone board and the sector panels is taken as read. I know the people, I know the landscape and, again, it was something that we deliberated with the Minister and it was thought to be right, and I was certainly happy to do it. Therefore, I am also in a position, with my colleagues, particularly with David Jones at Deeside, to influence from a sector panel point of view. With the ICT people who have come into Industry Wales, obviously, we can collaborate in terms of technology exploitation in terms of superfast broadband and whatever. Garel Rhys, who chairs the St Athan enterprise zone, is also one of my Industry Wales board

members. So, there is quite a lot of cross-fertilisation that goes on already.

[31] **Mr Jones:** I ychwanegu at hynny, rwyf yn eistedd ar y panel ynni ac amgylchedd, sydd yn rhoi cyngor i'r Gweinidog ar y mater hwnnw. Felly, rydym yn medru cymryd mantais o arbenigedd aelodau eraill y panel yn nhermau edrych ar ddatblygiadau ym mharth menter Eryri. Rydym hefyd yn gweithio gyda swyddogion ac ati sydd yn ymwneud â'r panel uwchgynhyrchu a'r panel ICT yng nghydestun edrych ar ddatblygiadau hir-dymor ar gyfer parth menter Eryri.

Mr Jones: To add to that, I sit on the energy and environment panel that gives advice to the Minister on those matters. Therefore, we can take advantage of the expertise of other members of the panel in terms of looking at developments in the Snowdonia enterprise zone. We also work with officials and so forth who are involved with the manufacturing panel and the ICT panel in the context of looking at long-term developments for the Snowdonia enterprise zone.

[32] **Byron Davies:** I suppose that, to the layman, there is an awful lot going on at the moment with city regions and the metro. Have you any comment about your involvement with those?

[33] **Mr Jenkins:** Obviously, we work closely with the Cardiff city region board, because we share a lot of the same issues, and physical proximity, obviously. Yes, there is a lot going on, and it is difficult for me to find board members who can also attend some of the events by Cardiff city region because we are all volunteers, at the end of the day, and we all have day jobs, but we get there. I think that it is a lot about the people. Roger and I know each other and we can cross-relate on quite a number of things. So, we are getting there, but there is a lot going on, for sure.

[34] **Byron Davies:** Is it workable?

[35] **Mr Jenkins:** I think so. I think that anything is workable if you get the structure right and the people are right, and you put enough into it. Yes, I think so. I think that the commonality of the issues that we face—and, again, this goes outside the manufacturing sector—namely infrastructure, energy and skills, are the same whatever business you are in, as it happens.

[36] **Mr Jones:** Lle yr wyf i yn y cwestiwn, rydym y tu allan i'r dinas-ranbarthau ac ati yng ngogledd-orllewin Cymru, ond wrth edrych ar bethau o bell, mae rhywun yn sylweddoli bod y problemau yn rhai cyffredinol yn y diwedd, yn nhermau sgiliau, isadeiledd ac ati, a mater o annog cwmnïau i sefydlu eu hunain mewn ardaloedd ydyw. Yr hyn yr ydym yn ei wneud yn y gogledd-orllewin yw gweithio gyda'r parthau menter eraill, ym Môn a Glannau Dyfrdwy, i gryfhau pethau ar draws y rhanbarth.

Mr Jones: Where I am concerned, we are outside the city regions and so forth in north-west Wales, but in looking at things from a distance, one understands that the problems are ultimately general ones in terms of skills, infrastructure and so forth, and that it is a matter of encouraging companies to establish themselves in areas. What we are doing in the north-west is working with the other enterprise zones, in Anglesey and Deeside, to strengthen things across the region.

[37] **Byron Davies:** May I just come back to you, Mr Jenkins, and ask how important the metro is to you?

[38] **Mr Jenkins:** To be honest, it is a double-edged sword. It could take people out of the locality to employment somewhere else, where personally I would rather employ them in the locality. However, we live in a modern environment and, therefore, on balance, it is probably

a good thing. I have to say, however, that I have not thought a lot about it, because my main consideration is to promote Ebbw Vale and to bring people in there and employ people locally.

[39] **Byron Davies:** Strategically, it might have the opposite effect.

[40] **Mr Jenkins:** It could suck labour out of the community. I think: give us the problem, then. I would like to solve the problem closer to home. Perhaps I am old-fashioned. My task is to try to persuade a serious manufacturing investor into the area and not to disfranchise the indigenous businesses. I think: chuck us the problem and see what happens. We need to find work for people, wherever it is. I am sure that if they had the choice of travelling or staying closer to home, they would stay closer to home.

[41] **Byron Davies:** So, we do not need the metro, then.

[42] **Mr Jenkins:** I will be honest; I am being careful in what I am saying. It is a hard place to get to and from, to be honest. I live in Bridgend and I always have my board meetings in Ebbw Vale. It is not the easiest of journeys, with no disrespect to the people in the locality. On balance, it is probably a good thing that people have the option to choose where they want to work, relative to their own skill background and their choice.

[43] **Byron Davies:** May I just ask you one last question, please? How much time do you devote to this?

[44] **Mr Jenkins:** I am not sure I want to answer that question. *[Laughter.]*

[45] **William Graham:** If you do not want to—

[46] **Mr Jenkins:** My employer understands. I work for a very generous employer. I would say probably about one day a month.

[47] **William Graham:** Thank you very much. We have only another 20 minutes for this session, so I ask Members to be succinct in their questions and also witnesses in your answers.

[48] Rhun ap Iorwerth: Bore da i chi. Nid ar ôl y cwestiynau o fesur perfformiad ydw i yn y fan hon; gwnawn drafod y daten boeth honno yn y munud. Beth fydddech chi'n ei ddweud yw eich prif lwyddiannau hyd yn hyn fel parthau menter? Mi gewch chi fod yn benodol ynglŷn â'ch parthau menter eich hunain—mor benodol ag yr hoffech fod—neu siarad yn fwy cyffredinol ynglŷn â llwyddiant a chyrhaeddiad y parthau menter yn gyffredinol.	Rhun ap Iorwerth: Good morning. I am not after questions of performance measuring here; we will discuss that hot potato in a moment. What would you say are your main successes so far as enterprise zones? You can be specific about your own enterprise zones—as specific as you would like—or respond in more general terms regarding the success and achievement of the enterprise zones in general.
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[49] **Mr Jenkins:** It is quite an easy question to answer, actually. I think the big success is in getting private sector, indigenous people, who are heavily committed, giving up their time for free to make a success of it. That is an integral piece of the jigsaw. It is also actively promoting them in such a way that one company said to me about the Welsh offering, and this was a major aerospace company, 'This is the best offer this company has ever seen from any Government in the world', which was not something that I sought, but that was the feedback from one company. It is also raising awareness of Wales as a good place to do business through all the media work that we have done. I think that those are the successes. Also, if

you look at the pipeline of inquiries that we have had, which started from nothing, and you see some of the companies that are there who are considering substantial investment, then you have to be encouraged.

[50] **Mr Jones:** O ran parth menter Eryri, rwy'n meddwl mai dod â ffocws ar Feirionnydd ac anghenion Meirionnydd yw'r prif lwyddiant. Mae economi Meirionnydd wedi bod ar i lawr ers blyneddau, ac y bydd y sefyllfa yn gwaethgu'n enbyd pan ddaw gwaith i ben ar safle Trawsfynydd yn y ddwy neu dair blynedd nesaf. Beth mae'r parth menter wedi ei wneud yw galluogi'r sector preifat a'r sector cyhoeddus i ddod at ei gilydd mewn ffordd sy'n rhoi ffocws ar ddatblygiadau tymor hir ar gyfer yr ardal honno, ac yn ein galluogi i ddatblygu strategaethau ar gyfer safle Traws a maes awyr Llanbedr.

Mr Jones: In terms of the Snowdonia enterprise zone, it brings a focus to Meirionnydd and the needs of Meirionnydd; that is the main success. Meirionnydd's economy has been on a downward slope for years, and the situation will deteriorate when the closure of the Trawsfynydd site happens in the next two to three years. What the enterprise zone has done is to enable the private and public sectors to come together in a way that focuses on long-term developments for that area, and to enable us to develop strategies for the Traws site and for the Llanbedr aviation centre.

[51] Yn ehangach, nodwedd arall o lwyddiant y parthau menter yw'r cydweithio sydd a'r syniad hwn o weithio gyda'n gilydd dros Gymru yn y diwedd. Nid ydym yn edrych ar bethau yn unigol, ond rydym yn medru chwarae oddi ar gryfderau ein gilydd a datblygu hynny.

More broadly, another characteristic of the success of the enterprise zones is the collaboration that exists and this idea of working together for Wales ultimately. We are not looking at things individually, but we can play off each other's strengths and develop that.

[52] **Rhun ap Iorwerth:** Rydym wedi crybwyll rhai rhwystrau sydd o'ch blaenau o ran ynni a sgiliau; rwy'n siŵr y gwnawn ni drafod cynllunio yn y munud. O ran y cymhellion, mi wnaethoch chi, Mr Jenkins, sôn am y farn honno gan un cwmni bod y cymhellion yn arbennig o dda. Beth ydych chi'n feddwl yw'r cymhellion mwyaf pwerus sy'n dod efo statws parth menter?

Rhun ap Iorwerth: We have mentioned some of the barriers that are facing you in terms of energy and skills; I am sure that we will discuss planning in a moment. In terms of the incentives, Mr Jenkins, you mentioned that view from one company that the incentives were quite good. What do you think are the most powerful incentives that come with the status of an enterprise zone?

[53] **Mr Jenkins:** Surprisingly enough, not the tax breaks granted by Westminster, which you might find surprising, because the tax incentives work for certain companies in certain environments. The prospect of European funding and a high level of state aid is very attractive, again to certain companies. The other thing that we learnt very early on is that with modern companies you have to be able to offer them 100% expansion room, so they will not drop on to a site and think, 'I'm okay for the next 20 years', because they do not. All the big manufacturing companies automatically think, 'If I'm here and putting down roots, I need 100% expansion'. So, I think we have addressed those issues. We woke up early to the fact that what Westminster was offering was not really the key question.

[54] **Rhun ap Iorwerth:** On expansion, you are talking about not only physical expansion but also workforce expansion, are you?

[55] **Mr Jenkins:** Yes, workforce expansion and supply chain expansion. Bear in mind that, for every job you create in a manufacturing company in an enterprise zone, you are going to rely on four jobs in the supply chain, if you get it localised. So, I think we have woken up to these opportunities. We did a lot of research at the start and we understood these

issues and we made sure that our offering reflected that. In England, they have the tax breaks. Again, we looked at our competitive advantage and we had to make sure that we had everything in our offering that investors were looking for.

[56] **Rhun ap Iorwerth:** John, beth yw'r pethau pwysicaf?

Rhun ap Iorwerth: John, what are the most important things?

10:00

[57] **Mr Jones:** O'm safbwynt i, y ffocws mae'n ei roi i'r hyn sy'n mynd ymlaen yn yr ardal a'r ffocws ar alluogi datblygwr siarad yn uniongyrchol gyda swyddogion Llywodraeth Cymru ac i weld yr angerdd sydd yno ar gyfer sicrhau bod dyfodol i ardal. Hefyd, yr hyn y mae'n ein galluogi i'w wneud yw datblygu cynnig ar gyfer datblygwr sydd ag hygyrddedd y tu ôl iddo yn yr hirdymor. Rwy'n meddwl fod yr hygyrddedd hwnnw'n bwysig. Mae buddsoddwyr yn edrych am weledigaeth hirdymor; nid ydynt yn edrych am rywbeth tymor byr. Mae trafodaethau yn mynd ymlaen ar draws y rhanbarthau a'r parthau menter sydd yn edrych ar ddatblygiadau hirdymor a dyna, rwy'n meddwl, yw'r hyn y mae'r parth menter yn dod ag ef.

Mr Jones: From my perspective, the focus it gives to what is going on in the area and the focus on developers being able to speak directly to Welsh Government officials and to see the passion that is there for ensuring that there is a future for an area. Also, what it enables us to do is to develop an offer for a developer that has credibility behind it in the long term. I think that that credibility is important. Investors are looking for a long-term vision; they are not looking for something short term. Discussions are going on across the regions and the enterprise zones that are looking at long-term developments and I think that that is what the enterprise zone brings.

[58] **Rhun ap Iorwerth:** Mae'n ddiddorol nad ydych chi ychwaith yn rhoi trethi a manteision trethiannol ar frig y rhestr. A gaf fi yn sydyn sôn am un fantais ni fanteisiwyd arni ryw lawer? Nid oes llawer o bobl wedi cymryd mantais o'r *enhanced capital allowances*—er nad yw'n berthnasol i bob parth, wrth gwrs. Pam nad oes mwy wedi cymryd mantais o hynny? Beth yw'r sgôp i ehangu ar hynny o bosibl yn y dyfodol?

Rhun ap Iorwerth: It is interesting that you do not put tax and tax benefits at the top of the agenda either. May I quickly mention one advantage that has not been taken up very much? Not many people have taken advantage of the *enhanced capital allowances*—although it is not relevant to every park, of course. Why have more people not taken advantage of that? Is it possible to expand on that in future?

[59] **Mr Jenkins:** I think, as I said, that *enhanced capital allowances* are useful. They are bound by physical boundaries, which, quite frankly, is a bit pedantic of Westminster, but it is the world that we live in. It very much depends on the nature of the investment as to whether or not you can take advantage of that tax break. Maybe you cannot; maybe you are not going to pay corporation tax anyway. So, yes, it works, but, if your investment profile is not such that you need the capital allowances, you come back to energy and skills and you think, 'How much help can I get from the local authority and from the devolved Government to make my business a success?' I think that this is where Westminster missed the trick. They think that it is a tax break, so it is bound to work—no, it will not. Sometimes, and I think that Ebbw Vale is a classic example, the first thing that we say to people is, 'It is an Objective 1 area'—sorry, that might be old language, but, you know—'so therefore these different rules apply, so therefore we can be very innovative on some of these other things'. So, *enhanced capital allowances* are a good thing, but they are not the be-all and end-all of the investment profile.

[60] **Rhun ap Iorwerth:** That is reflected in the fact that not many people are taking advantage of them.

[61] **Mr Jenkins:** Yes. I am sure that they will come to work and I would not want to sacrifice them, that is for sure. I am sure that for certain companies—for example, one of the companies that looked at Ebbw Vale—it would work splendidly for them, but there are others where that is not the case. So, it is not a simple solution.

[62] **Mr Jones:** Nid oes gennyf ddim i'w ychwanegu. Mae Gareth wedi'i ddweud ef yn gryno. **Mr Jones:** I do not have anything to add. Gareth has summarised that.

[63] **William Graham:** Joyce, on to planning.

[64] **Joyce Watson:** Good morning, both. We well understand the role that planning might play in the effectiveness of the zones and, if you have any concerns about planning, we would like to hear about them, and, if you think that they are a barrier, we would like to hear that, and obviously the opposite, if that was true.

[65] **Mr Jenkins:** This was raised with me by the previous Secretary of State at one meeting about whether Wales may be missing a trick with planning. I can speak for Ebbw Vale—no, we are not. I have the local authority on my board, I have the head of planning on my board, and I have the chief executive on my board. They say to me, and to everybody who is looking at the enterprise zone, 'We will get you permission in eight weeks'. It does not get any better than that. So, I think that it might apply in some cases, but, speaking from Ebbw Vale's point of view, it is not an issue.

[66] **Mr Jones:** Rydym mewn sefyllfa ddiddorol iawn yn Eryri gan ein bod ni yng nghanol parc cenedlaethol. Felly, mae hynny'n dod â'i sialensiau ei hun, rwy'n meddwl. Rydym wedi croesawu'r gorchmynion datblygu lleol y mae'r Llywodraeth wedi eu rhoi yn eu lle. Ond, yn y diwedd, yr unig beth y medrwn ei wneud gyda'r parc cenedlaethol yw ei annog i gymryd y rheiny ymlaen a'u mabwysiadu o'i gwirfodd. Nid oes ffordd y medrwn fynnu eu bod yn gwneud hynny. Rydym wrthi'n trafod gyda swyddogion y parc ac rydym yn cael trafodaethau cadarnhaol iawn efo nhw yng nghyd-destun Llanbedr a'r potensial i ddatblygu Llanbedr ymhellach, ond mae yn sefyllfa ddiddorol.

Mr Jones: We are in a very interesting position in Snowdonia as we are in the middle of a national park. Therefore, that brings with it its own challenges, I think. We have welcomed the local development orders that the Government has put in place. However, ultimately, the only thing that we can do with the national park is encourage it to take those on and to adopt them voluntarily. There is no way that we can force it to do so. We are discussing with the park officials and we have very constructive talks with them in the context of Llanbedr and the potential to develop it further, but it is an interesting situation.

[67] **Joyce Watson:** I will pursue that further, if I may, especially in relation to Llanbedr, because I cover that area as a Member for Mid and West Wales and have been involved for a very long time. Since you have mentioned several times the opportunities that exist in Llanbedr, are you confident that planning will not become an issue that negatively affects the prospects that you have mentioned several times? Also, how are you getting around working with the national park on those issues?

[68] **Mr Jones:** Rydym yn cyfarfod yn rheolaidd gyda swyddogion y parc, fel eu bod nhw'n ymwybodol o'r datblygiadau posibl y gall ddigwydd yn yr ardal. Yr hyn sydd yn anodd, wrth gwrs, yw'r ffaith, tan fod

Mr Jones: We meet regularly with officials from the park, so that they are aware of the potential developments that could happen in the area. What is difficult, of course, is that, until we have robust plans in place, we

gennym gynlluniau cadarn yn eu lle, na fedr rhywun rhoi cais cynllunio i mewn a gweld wedyn beth fydd yr ymateb. Y ffordd ymlaen inni, rwy'n meddwl, yw drwy berswadio a gwneud i bobl sylweddoli, os yw'r parc yn mynd i barhau fel lle i bobl i fyw ynddo, mae'n rhaid cyfaddawdu o bryd i'w gilydd o ran rhai o'r rheolau mwy caeth. O dan y drefn sydd gennym ar hyn o bryd, rwy'n meddwl mai'r unig fordd y medrwn weithredu yw siarad, esbonio a mynd â phobl efo ni.

cannot put a planning application in and see what the response will be. The way forward for us, I think, is through persuasion and making people realise that, if the park is going to continue as a place where people live, there needs to be a compromise now and again in terms of the stricter rules. Under the regime that we have at the moment, I think that the only way that we can operate is to talk, explain and take people with us.

[69] **Joyce Watson:** Finally, do you think that there is a role for Welsh Government—that it could perhaps remove some of the barriers, if there are barriers?

[70] **Mr Jones:** Yn bendant, rwy'n teimlo bod yna rôl i Lywodraeth Cymru, yn arbennig pan ydym yn sôn am fuddsoddiadau a fyddai'n medru gwneud gwahaniaeth sylfaenol i economi ardal—er enghraifft, os ydym yn sôn am y porth awyr sydd wedi cael ei awgrymu ar gyfer Llanbedr. Rydym i gyd yn gwenu pan ydym yn clywed hynny, ond mae gan y cynllun hwnnw botensial real, ac rydym yn mynd amdano go iawn. Os yw cynllunio yn mynd i fod yn broblem â'r cynllun hwnnw, byddem yn gobeithio y bydd Llywodraeth Cymru yn gallu gweithio efo ni ac efo'r parc i sicrhau nad oes rhwystrau yn y ffordd.

Mr Jones: Certainly, I think that there is a role for the Welsh Government, especially when we are discussing investments that could make a fundamental difference to an area's economy—for example, if we are talking about the spaceport that has been suggested for Llanbedr. We all smile when we hear about that, but that plan has real potential, and we are really going for it. If planning is going to be a problem with that, we would hope that the Welsh Government will be able to work with us and the park to ensure that there are no barriers in the way.

[71] **William Graham:** Rhun, were you going to pick up on performance?

[72] **Rhun ap Iorwerth:** Oeddw'n. Mi wnaf droi yn awr at y cwestiwn o ddangosyddion perfformiad. Mae cryn drafod wedi bod, wrth gwrs, ynglŷn â pha lefel o fanylion y dylai gael eu rhyddhau ynglŷn â pherfformiad y parthau menter, a hynny, wrth gwrs, yng ngoleuni'r penderfyniad gan y Comisiynydd Gwybodaeth y dylai rhagor o fanylion gael eu rhyddhau. A gaf i ofyn ichi wneud sylw, yn gyntaf, ynglŷn â'r dyfarniad hwnnw gan y Comisiynydd Gwybodaeth?

Rhun ap Iorwerth: Yes. I will turn now to the question of performance indicators. There has been considerable discussion about what level of detail should be released in terms of the performance of the enterprise zones, and that, of course, in the light of the decision by the Information Commissioner that more details should be released. Could I ask you to make a comment on that decision by the Information Commissioner?

[73] **Mr Jenkins:** You can certainly ask me to comment. I pick up on the fact the Information Commissioner said that there is already a great deal of information being published on enterprise zones. That is absolutely right. We have absolutely nothing to hide. We want as much help as we can get from everybody—yourselves, the media, everybody in Wales. I think that the Information Commissioner, in this case, has got it wrong. I certainly advocated to the Minister, on behalf of my colleagues, that we did not want to release that level of information. There are two reasons, really. One is that I think that it is the wrong question, because, when you focus on the number of jobs created in an enterprise zone, you are missing the bigger picture. For instance, if in Snowdonia they created 100 jobs, and in Ebbw Vale I have created 30, that would suddenly lead everybody to think that Snowdonia is

a success and that I am not doing so well. If I said to you that my 30 jobs earned £200,000 a year, and that all of the supply chain was in Wales, suddenly it flips back the other way. The Information Commissioner says, 'Well, if you explain it properly and you put context to it, that will become clear.' Sorry, I disagree. I think that sensational headlines can only be unhelpful.

[74] **Rhun ap Iorwerth:** Could I just interrupt and ask you to comment on the fact that the very first indicator on the charts published by the Minister's department on the performance of enterprise zones is 'Jobs Supported', and that it refers to 'Number of Jobs'?

[75] **Mr Jenkins:** Yes, as one indicator in a basket of indicators, I would not disagree with it.

[76] **Rhun ap Iorwerth:** But it is the top one. It is not done in alphabetical order. It has been decided that that is the first one that we need to know about.

[77] **Mr Jenkins:** I do not run any businesses with an indicator that is 'No. 1', quite frankly. You have to take indicators as a basket and interpret what the data are telling you. I will say to you what I have said to the Minister, and to the economics people within Government: gross value added, as difficult as it is to measure, is actually the true indicator. What I am very keen to represent here is the view of private sector industry that does not want this information revealed, and we do not want to get caught up in an argument within Wales of this is doing this in this area, because the rest of the world just want to see us as successful.

[78] **Rhun ap Iorwerth:** Why has the Dee enterprise zone gone about bandying figures about the number of jobs that it has created?

[79] **Mr Jenkins:** Sorry, I missed the first part.

[80] **Rhun ap Iorwerth:** The Dee enterprise zone. Why has it been talking about its own figures?

[81] **Mr Jenkins:** I think it would have to answer for itself. In the broader public context, I am answering the question. I have no problem in speaking informally about the success and the potential for Ebbw Vale. What I would shy away from is this fixation with Government, if you do not mind me saying, Westminster and Cardiff, about numbers of jobs. You are missing the bigger picture. If I create 30 jobs in Ebbw Vale, and they are earning that kind of money, and the supply chain is in Wales, that is a huge success, but you can look at the numbers and it looks miserable.

[82] **Rhun ap Iorwerth:** Byddwn yn sicr yn cytuno efo chi mai dim ond un ystadegyn ymhlith llawer y dylid eu hystyried ydy swyddi sy'n cael eu creu neu eu diogelu. Ond, onid oes angen cymaint o wybodaeth ag sydd yn bosib ei ryddhau er mwyn gallu sgrwtineiddio perfformiad mewn bob mathau o wahanol ffyrdd, pa un ai ydy hynny'n *qualitative* neu, yn yr achos rydym yn sôn amdano fan hyn, yn *quantitative*? Nid oes unrhyw beth o'i le ynglŷn â rhoi ffigurau mor fanwl â phosib ynglŷn â swyddi cyn belled ein bod ni hefyd yn gallu cael y ffigurau eraill.

Rhun ap Iorwerth: We would certainly agree with you that jobs that are created or safeguarded is only one statistic among many that should be considered. However, is there not a need to release as much information as is possible in order to be able to scrutinise the performance in all kinds of different ways, whether that is qualitative, or in the case that we are talking about here, quantitative? There is nothing wrong in giving figures that are as detailed as possible about jobs as long as we can also have the other figures.

[83] **Mr Jones:** Rwy'n anghytuno'n llwyr â hynny, mae gen i ofn. Rydych yn sôn yn fan honno am greu cynghrair o dablau. Os ydw i yn America yn edrych tuag at fuddsoddi yng Nghymru ac rwy'n dweud wrth Wil bach i fynd i ffwrdd ag adnabod dau neu dri o safleoedd yng Nghymru, mae Wil bach yn mynd i wneud y peth rhwydd ac edrych ar dabl sy'n cymharu pethau. Mae e'n gweld, 'O, mae Cwmawt a Llanbidinodyn lawr yn y gwaelod; dydw i ddim eisiau mynd i fanna'. Wedyn mae e'n edrych ar y tri arall. Mae rhywun wedi torri rhai allan reit o'r cychwyn cyntaf a cholli'r cyfle. Yn Lloegr, nid ydynt yn edrych ar y miri yma o gymharu parth menter gyda pharth menter gyda pharth menter. Mae pob parth menter yn hollol wahanol, ac rwy'n meddwl ein bod ni'n colli hyn. Beth sy'n digwydd yw ein bod ni'n cymryd y ffigurau naif yma sydd wedyn yn cael eu lluchio o gwmpas—rydym yn gwybod hyn o weld beth sy'n digwydd mewn diwydiannau o bryd i'w gilydd—gan bapurau newydd. Yr *headlines* ydy'r peth, ac rydym wedyn mewn risg o golli cyfleoedd.

[84] Hefyd, roeddech yn sôn am y mesurydd yn nhermau swyddi a swyddi sy'n cael eu hachub i raddau. Wel, os ydw i yn gwmni sy'n gweithio mewn ardal fenter, nid wyf eisiau i'r byd a'r betws wybod bod gen i broblemau a fy mod yn benthyg arian gan y Llywodraeth. Mae hynny'n mynd i effeithio ar fy statws i a'r gallu i dynnu arian i mewn. Mae'n iawn yn fy marn i—ac rwy'n cytuno'n llwyr â Gareth—i ni gael y lefelau yma ar lefel cenedlaethol, ac mae'n iawn i ni siarad am barthau menter unigol, ond rhaid i ni beidio mynd i fewn i'r feddylfryd yma o greu *league table* lle mae angen cydweithio a chydweithredu.

[85] **Rhun ap Iorwerth:** Un cwestiwn i gloi: onid oes gwahaniaeth mawr iawn rhwng cael y ffigurau ac argaeledd y ffigurau i'w defnyddio mewn ffordd gyfrifol ar gyfer sgrwtini, er enghraifft, a chamddefnydd y ffigurau hynny gan rai pobl eraill yn y cyfryngau neu beth bynnag? Mae'r ddau ar wahân. Mae'n rhaid i ni wneud ein gwaith fel gwleidyddion ac mae fyny i eraill i ddefnyddio'r ffigurau yn rhesymol ac yn gall hefyd.

[86] **Mr Jenkins:** I am not sure if it gives you scrutiny, to be honest. Certainly, I think that

Mr Jones: I disagree entirely with that, I am afraid. You are talking there about creating a league table. If I am in America and looking to invest in Wales, and I tell Wil bach to go away and identify two or three sites in Wales, Wil bach will do the easy thing and look at the table that compares these things. He says, 'Oh, Cwmawt and Llanbidinodyn are down at the bottom; I don't want to go there.' He then looks at the other three. Some have been cut out right at the outset and have missed an opportunity. In England, they do not look at this issue of comparing enterprise zone with enterprise zone with enterprise zone. Every zone is completely different, and I think that we are missing this. What is happening is that we are taking these naïve figures that are bandied about by newspapers—we know this from seeing what is happening in industries from time to time. It is about the headlines, and we are at risk then of missing opportunities.

Also, you mentioned the measurement in terms of jobs and jobs that are safeguarded in effect. Well, if I am a company that operates in an enterprise zone, I do not want all and sundry to know that I have problems and that I am borrowing money from the Government. That is going to affect my status and the ability to draw money in. It is right in my opinion—and I agree entirely with Gareth—for us to have these levels at a national level, and it is fine to talk about individual enterprise zones, but we must not get into this mindset of creating a league table where we need to collaborate and co-operate.

Rhun ap Iorwerth: One final question: is there not a very big difference between having the figures and the availability of those figures, to be used in a responsible way for scrutiny, for example, and the misuse of those figures by other people in the media or whatever? They two are separate. We have to do our work as politicians and it is up to others to use the figures reasonably and responsibly as well.

the answer to this question is that we have nothing to hide. All the private sector board members are old officials and ministers of scrutiny; believe me, they ran successful businesses and there is nothing to hide here. We are just very cautious about how this information would be used and interpreted. No offence, but the interpretation of this information—and I have had this discussion with the economists; I have got Professor Rees to talk to them—is absolutely vital. You could be scrutinising the wrong thing. I would certainly welcome seeing any of you at Ebbw Vale and we will tell you as much as is commercially possible, because we want everybody's help and we do not want you to think that we are hiding anything; we are just being very cautious.

10:15

[87] **Mr Jones:** Mae hynny'n wir hefyd am Eryri. Yn y diwedd, rydym i gyd yn gorfod gweithio efo'n gilydd a chefnogi'n gilydd. Mae hyn er mwyn Cymru yn y diwedd, ac fe fyddwn yn galw arnoch chi i weithio efo ni i sicrhau ein bod yn mwynhau'r mewnfuddsoddiad i Gymru, trwy weithio efo ni yn y parthau unigol. Mae croeso i bob un ohonoch chi i ddod draw i Feirionnydd.

Mr Jones: That is also true of Snowdonia. Ultimately, we all have to work together and support each other. This is for Wales in the end, and I would call on you to work with us to ensure that we can enjoy investment in Wales, by working with us in the individual zones. You are all welcome to come to Meirionnydd.

[88] **William Graham:** There are no other questions from Members. Thank you very much for your most interesting and valued evidence today. We are most grateful for your attendance; thank you for coming. Members, we will break for 10 minutes.

*Gohiriwyd y cyfarfod rhwng 10:15 a 10:26.
The meeting adjourned between 10:15 and 10:26.*

Ardaloedd Menter, Dinas-Ranbarthau a Metro Enterprise Zones, City Regions and Metro

[89] **William Graham:** I welcome our witnesses. This is a one-off session as part of the committee's continuing scrutiny of progress with enterprise zones, city regions and the metro. I welcome Roger Lewis and Steve Phillips, but ask you to give your names and titles for the record.

[90] **Mr Lewis:** My name is Roger Lewis and I chair the Cardiff capital region board.

[91] **Mr Phillips:** I am Steven Phillips. I am the secretary to the Swansea bay city region board.

[92] **William Graham:** Thank you very much. I call Byron.

[93] **Byron Davies:** Good morning, gents.

[94] **Mr Lewis:** Good morning.

[95] **Byron Davies:** On the time frame for the development of strategic plans and what these will contain, can you give me an idea?

[96] **Mr Lewis:** Thank you. Early in the new year, I am pleased to report to you all, we will be publishing the results of the work of the past 12 months. We met as a board exactly 12

months ago. Our first meeting was held in Merthyr Tydfil. We will present to our Minister, early in the new year, a Cardiff capital region 2030 strategic vision. It is a 15-year plan. It is a vision that is based upon future growth and development of the region. It is encapsulated in a sense of being a well-connected, confident and thriving capital city region, globally recognised and a leading European lifestyle destination.

[97] Underpinning that sense of vision are five key themes: first, a clear and identifiable brand, and by that I mean a vibrant and distinct, internationally recognisable capital city region, synonymous with quality of life. The second, and ever so important for economic growth, is connectivity. That is an integrated infrastructure that allows an effective, efficient and sustainable movement of people, goods and information, linking seamlessly nationally and internationally. Third of these five is skills. By that I mean an education and training system that provides people that meet the needs of business and the community, underpinned by a thriving further and higher education sector. Fourth is innovation and growth. By that I mean a thriving business community with international recognition, driven by an entrepreneurial culture and leading academic research. Finally, we need to tell the story. We need to tell this wonderful story about this region, but also about Wales. A recognised brand, proactively marketed and showcasing a steady flow of opportunities for investors and visitors. Dare I say that running through all of that, ladies and gentlemen, is an inclusivity of opportunity? Thank you.

10:30

[98] **Mr Phillips:** I think that, for Swansea bay, the answer is in two parts, really. At the inception of the board in 2013, an economic strategy was already in place that had been put together by the local authority partnership and signed off by the Welsh Government. So, that was one of the core pieces of evidence, if you like, upon which the board was launched. More recently, as you will be aware, we have a new chairman in Sir Terry Matthews, and Sir Terry is busy formulating, in consultation with partners across the region, how we flesh out that framework. The piece of paper that I have circulated via your clerk is a sort of high-level representation of the work that is in progress. However, in terms of the detail, we are looking at many of the same issues that Roger has just described in relation to the capital region. I am happy to elaborate on that as you see fit.

[99] **Byron Davies:** Before you do, you mentioned that Sir Terry Matthews is the new chair, and the Minister has said that she was not getting the level of dialogue she wanted prior to his appointment. How has that changed?

[100] **Mr Phillips:** Well, it is early days. Sir Terry chaired his first meeting and made a series of visits around the region a fortnight ago. I think that the board was launched and we had a fairly clear agenda, but we needed to take it to the next stage, and someone with Sir Terry's international credibility, drive and energy is well placed to do that for us. However, as I said, the agenda is work in progress. A number of very exciting things are happening in the Swansea bay region, as you will be aware. The question now is how we knit it all together and move into delivery mode on a number of different fronts, which is what the five pillars that I have described are designed to do.

[101] **Byron Davies:** Can I be blunt? Are you being reserved about this? Had it moved at all prior to his appointment?

[102] **Mr Phillips:** Pardon?

[103] **Byron Davies:** Had it moved at all prior to his appointment?

[104] **Mr Phillips:** Oh yes. We had a good start. We had a launch and we had an

engagement process with the wider business community in the region. I think that it is fair to say that we did stall a bit during the early part of this year. I am not trying to claim that everything in the garden was rosy, but these things take time to mature, and that is now happening. As I said, Sir Terry is acting as a turbocharger for the whole effort. His first meeting was only a fortnight ago but he will no doubt be, and is already, articulating a vision of how we move forward in certain key areas, such as connectivity, skills and various other issues that Roger just alluded to.

[105] **Byron Davies:** To the layman, there is an awful lot going on at the moment really with the city regions and enterprise zones. How is this all integrating? How are you coping with this?

[106] **Mr Lewis:** The first thing I would say, with our Welsh hat firmly on, is that we began this journey last year and that, as you rightly say, the zeitgeist is city regions now. There have been some fundamental changes over the past 12 months in people's attitude towards city regions. Without doubt, the Scottish referendum has been the catalyst for the emergence of, in effect, English devolution driven through the city region concept. However, what I think we should take great comfort from in Wales is that we were thinking in this direction this time last year and, prior to last year, to be fair, a number of people had discussed this initiative. I think that is such an important thing for us to take confidence from in Wales. So, as I outlined, the work that we will present early in the new year will, I hope, give you all great confidence in the opportunities that the city regions offer us.

[107] However, in terms of an answer to your question, I have called for a meeting with the heads of those zones, and I am looking forward to that. I have met with one of them already, and we need to be joined up. That is at the heart of our thinking. It is an alignment of strategy. We need to be aligned with the Assembly and the Welsh Government. We need to be aligned with the local authorities and we need to be aligned with the other bodies. There needs to be a unity of purpose, and strategic alignment is fundamental to the success of city regions. We need to be aligned with Swansea going west and we need to be aligned going to the north. However, we also need to be aligned going east to Bristol and London and also north-east to Birmingham. We need to think beyond our boundaries.

[108] **Mr Phillips:** Yes, it is the same story for us really. Clearly, we need to be closely aligned with Milford Haven in terms of that particular enterprise zone in west Wales, but I very much agree that the dynamic of city regions has shifted markedly since the Scottish referendum, and that is something I think we need to address and that we are seeking to address in Swansea bay in a number of different ways.

[109] **Byron Davies:** How is this going to integrate with local government reorganisation?

[110] **Mr Phillips:** The leaders of Swansea council and Neath Port Talbot council, my own authority, have put in a proposition to the Minister for Public Services calling for a city region authority. It will be for the Minister to determine and respond on in due course, but I think there is an increasingly close alignment between the city region agenda, the economic geography, if you like, of Wales, and where we need to go in terms of public service reform. However, ultimately, it will be for Ministers to opine on that.

[111] **Mr Lewis:** Within the Cardiff capital region, it has been an interesting journey because there are 10 local authorities involved within the region. I am pleased to say that the unity of purpose I have talked about has certainly resonated. I have four local authority leaders on the board of the Cardiff capital region and I have met on two significant occasions with all 10 leaders, where we have had a workshop. I have worked regularly, and the board has worked regularly, with the officers of the 10 authorities, and we are coalescing around what the key growth opportunities are. What has been fascinating is that the, if you like,

politics of local government reorganisation have not entered the board table; we have risen above that. I would argue that the city region is a catalyst, a positive catalyst for change, because people will see, and people are recognising—the 10 authorities are recognising—that a coming together, an alignment of strategy, that unity of purpose to join up the fundamental drivers of growth, which are connectivity, planning and economic regeneration, has to be done together.

[112] So, at the top, with the 10 leaders, I am getting that buy-in to the sense of vision, and we have worked with the officers throughout the 10 authorities to share current thinking. We are sharing the thinking on the LDPs. We are sharing the thinking on connectivity. The metro is, in effect, the skeleton that will hold the region together. Going beyond the region, it does not stop at boundaries—and that is an important point that I have always emphasised. Connectivity does not stop at Bridgend, it does not stop in Monmouth, it does not stop in Newport. So, connectivity is clearly understood. Then, around that skeleton, we need to have a proper grown-up discussion, which we are having, about where people work, live and play to maximise the opportunities not only for the region but for all of Wales and then to play our part in not only the United Kingdom but a global marketplace.

[113] **Byron Davies:** It is an interesting point and it just brings me back to the previous session, actually. You are talking about connectivity and the metro system, and the point was made earlier on that, for example, with Ebbw Vale, the employment will be sucked into Cardiff out of the Ebbw Vale enterprise zone. How do you feel about that?

[114] **Mr Lewis:** Again, it goes back to that phrase I used earlier—and this is the political argument—there has to be inclusivity of opportunity. So, where the strategic vision is taking us, we have to be on our guard that there is the trickle-down, to use the jargon. It cannot be a case of sucking things out of one area at the expense of that area and to the benefit of another area—

[115] **Byron Davies:** But it is going to, is it not?

[116] **Mr Lewis:** No, no. If we are truly strategic—and this is why I also mentioned 15 years, and I am editing a lot as I go here. The reason I say that it is going to be 15 years—and, ultimately, I think it will be a 25-year project—is that it has to transcend the political cycles. That is why I think it is so important that we get buy-in from all political parties and that unity of purpose that we have experienced before within this building. We experienced it in the referendum campaign. We had a true unity of purpose across all four political parties. We need to transcend the political cycles and ensure that there is that inclusivity of opportunity. However, what I would say is that economic growth is never linear. It has to start somewhere. However, we all have to give people that sense of hope that, if I am not having that benefit today, someone is looking after me to get that benefit tomorrow, because we cannot be linear.

[117] **Mr Phillips:** I think that, also, we need to get away from this mindset that prevails that the whole thing is a zero-sum game. So, in the Swansea bay context, there are those who might argue that, if there is investment in Swansea, it is at the expense of Neath Port Talbot. As far as I am concerned, putting my local authority hat on for a moment, that is a false premise, because nearly 40% of the workforce in my county borough work outside of it, the vast majority of them in Swansea. So, not only is a vibrant and prosperous Swansea desirable, it is essential, from my perspective, and you could apply the same argument to Ammanford, Llanelli, and, indeed, the two city regions. We are not in competition. I think that, clearly, there has to be something for all parts of the two regions in this endeavour, but I think we do need to be looking a bit further afield and more strategically at the opportunities as they come along, because it is not this zero-sum game, as it is often portrayed.

[118] We were not starting with a blank sheet of paper in Swansea bay, because there are

only four authorities, in local government terms, compared with the 10 in the capital region, and we have a strong history in Pembrokeshire, Carmarthenshire, Swansea and Neath Port Talbot of working together anyway; we have been doing that for years around structural funds and other programmes.

[119] **William Graham:** Thank you. You have already stimulated questions from Members, so I am just going to ask for one question from each Member on the points you have raised. So, Jeff is first, then Eluned and Rhun.

[120] **Jeff Cuthbert:** Thank you, Roger, for outlining the five key points, all of which add up to enable you to tell a good story. When we spoke with the witnesses before you from the enterprise zones, they certainly highlighted the issue of skills as being a major issue, and you have included that, particularly the relationship with FE and HE. So, in what way are you seeking to influence how FE and HE work in order to provide the skills that you have identified as being needed now and for the foreseeable future?

[121] **Mr Lewis:** That is a really good point. I am fortunate to have on the board the vice-chancellor of Cardiff University, Colin Riordan. I also have the vice-chancellor of the University of South Wales, Julie Lydon, and Professor Brian Morgan from Cardiff Metropolitan University. So, we are directly linked with those three institutions. How I have managed to eat this elephant over the last year is to subdivide the board into groups. So, I have a specific group that is looking at skills and at how we then relate the demands of the private sector with what has been created through our higher education, identifying, we feel, the sectors for growth.

[122] Within the reports that I will give you in the new year, I will expand on those, but I will give you a hint of where I feel the key sectors are that we need to work on with higher education. They are aerospace and defence, which is one of our strengths here in the region; advanced manufacturing; creative industries and digital; construction; energy and environment; leisure; professional and financial services; and retail. We feel that those eight are fundamental to us and so we have begun the dialogue over this last year with the private sector and with the higher education sector to ensure that there is a talent flow from higher education—and it is one of our great jewels in the region—into those sectors to drive the economy forward.

[123] **Jeff Cuthbert:** What about FE?

[124] **Mr Lewis:** Absolutely—

[125] **Jeff Cuthbert:** You mentioned the heads of three HE establishments. What is the link with further education?

[126] **Mr Lewis:** That is something that we must not ignore. Absolutely. Further education and further training, particularly for small and medium-sized enterprises, and how we relate to SMEs and further education, are fundamental. Further education with regard to the skill sets that are required for big infrastructure projects is also very much at the front of my mind. Within our strategy, you will see particular reference to that.

[127] **Mr Phillips:** In relation to Swansea bay, we have a pre-existing regional learning partnership, which included both the HE and FE sectors. What we are doing at the moment is preparing a number of propositions—there are seven at the moment from that sector—as a response to the imminent launch of the new structural funds programmes. That exercise, and indeed the board itself, includes all of the organisations that you would expect to see, so Swansea University, with its new innovation campus, the University of Wales Trinity Saint David, Coleg Sir Gâr, Gower College Swansea, Neath Port Talbot College, and so forth. That

is work in progress, but the board aims to interrogate these projects to ensure that we are removing any duplication between institutions and making sure that we put our best foot forward with the Minister for Finance and her colleagues in the new year once the new programmes are open for business. So, there is a very strong focus on skills in Swansea bay, and we are progressing it in that way.

10:45

[128] **Eluned Parrott:** I have a specific question, if I may, to Steve Phillips. After a year of work, you have presented us with a strategic framework, which is five words—

[129] **Mr Phillips:** Yes.

[130] **Eluned Parrott:** While I recognise that there is going to be detail underneath that and that there have been changes, looking at the Swansea bay city region's website, I can see that there was in fact published back in 2013 an economic regeneration strategy. However, these five words do not map onto the five objectives or areas of activity in that strategy, which is still available on the city region website. I am wondering whether you can tell us why they do not match and when the website will reflect the work you are actually currently doing so that people who do want to engage with the city region can engage with what it is actually seeking to do now and when you anticipate being able to give us some more detail behind these five words in a published and written form?

[131] **Mr Phillips:** Well, with great respect, I was not asked to give evidence. If I had been, I would have given you more than five words. As I said earlier, that schematic was designed to help. There is undoubtedly an issue with our rather boring website. Knowing Sir Terry Matthews's background, I know that he will wish to attend to that issue. However, the reality is that we have consistency and we are building on—. The words may be different, but the emerging framework—and it is an emerging framework, because Sir Terry chaired his first meeting only two weeks ago, as I said—can be mapped onto the strategy. However, we do not wish to be prescriptive and we do not wish to be too rigid in terms of where we need to go. As I said earlier, the dynamics around the city regions have changed markedly in the last two or three months, since the Scottish referendum, and we need to reflect what is going on on the ground. There is no point having a sort of ivory tower approach to this. Other opportunities are emerging. So, for example, we had the announcement from the UK Government earlier this week about the tidal lagoon in Swansea. What we have to do is provide a framework that is agile and flexible enough to take account of what is going on on the ground. So, yes, we can provide more detail around the five words, but, ultimately, I think that it is about responding to the opportunities that are presented to us and to the external environment.

[132] **Eluned Parrott:** Just to clarify, of the five words here, four of them I can map onto the strategy. However, one is completely absent from the detailed strategy, and that is 'capital'. There is no section in the original strategy dealing with capital. Clearly, that is a very important omission from the original strategy in terms of driving growth in the region. However, I am just wondering whether you can give the time frame for when this type of work will be complete so that the new work that is being done now will be available for people who wish to engage with the city region to see.

[133] **Mr Phillips:** I understand that point. I think that the capital element really comes back to—and it is the same issue with the capital region, I suppose—to how we are going to fund, in the medium to long term, our aspirations. We have plenty of aspirations but quite a bit less funding. Clearly, the age of austerity is going to be with us in one shape or form for some time to come. Nobody is pretending any more that the public sector, Welsh Government, local authorities or anyone else has an unlimited amount of money to inject into the schemes. So, we have to be innovative. Basically, under the capital pillar here, we are

looking at ways in which we can lever in private sector money, including sovereign funds, which was another feature of the Chancellor of the Exchequer's Autumn statement from yesterday, because there are a number of ways in which you can create value from projects, all types of different projects, for the private sector to invest in. I think that we have to go down that route. Otherwise, the more traditional routes, if I can put it that way, are simply not going to provide the quantum of funds we need to take the agenda forward.

[134] **Rhun ap Iorwerth:** On a general point, I just want to get your thoughts on why is it taking the time that it is taking to develop concrete proposals and strategies. It is well over two years since the report of the task and finish group. Is that tied in to the ever-changing definition of what exactly a city region is meant to deliver? Is the ever-changing nature of it holding you back, in a way, in that the more that it is on the agenda, the more stakeholders come in with their own ideas about what you are trying to achieve and so on?

[135] **Mr Lewis:** I am pleased to report that we will be presenting a very detailed strategy early in the new year, which puts a lot of considerable detail behind some of the things that we have touched upon today. We, as a board, have been in existence for only 12 months, but there has been a huge sense of urgency about the board. We are a board in a hurry, for a number of reasons, not least that everyone on the board, for the most part, has something else to do, as it were. So, we have drawn upon skill sets from elsewhere to accelerate the thinking, particularly in the detailed economic context within which we work and the business case—I have worked very closely with PricewaterhouseCoopers—so the report that you will see will have real substance to it. It will have a strong intellectual base. We certainly go into some of the things that Steve has touched upon, which include where we get the money from, and, from day one, I have said, 'We've got to follow the money,' and we know that, in the UK, we have been successful with sovereign wealth funds. We have looked very carefully at the container port in the east of England, we have looked very carefully at Manchester and we have looked very carefully at what took place in Glasgow. We have looked very carefully at all those examples and at Crossrail—I have spent a lot of time talking to people involved in that particular project—and the genesis of that project as well.

[136] However, to answer your question directly, Rhun, it has been an extraordinary 12 months. There was a lack of clarity for us all when we first started. We looked at Stuttgart as an exemplar for city regions. We looked at Montpellier as an exemplar in Europe. We talked to the experts in Europe. I have had a number of meetings, by the way, with the Minister for finance on how we will source structural funds. The city region as a concept is very much to the fore within the European thinking. It has been a fascinating journey, and I mentioned that one of the things that unlocked it all was the Scottish referendum. All of a sudden, the devolution agenda for England, driven through city regions, is front of mind, but, economically, and this is where our starting point is, and, dare I say it, where our endpoint is, it is about what will drive the economy, not only of south-east Wales, but of Wales. It has to be a driver of Wales, and that is why it is so important.

[137] If I may just touch upon Europe for the moment, that is so important, and the discussions that we have had with the Minister for finance and our understanding of structural funding, which will be one element, but that has to be alongside significant private funds—. Europe and we in Wales are looking for transformational projects that have a very sharp focus, that are truly sustainable and have that inclusivity of opportunity. At the heart of our proposition is the metro project, because that not only gives us the strategic connectivity, but also will be an infrastructure project that can then be a catalyst for so many other opportunities within the region. So, it has been a fascinating year.

[138] Time is of the essence; to do nothing is not an option. We have to hit the ground running as soon as this report is published, and we have kept our powder dry. I have kept under the radar over the last year, deliberately so, but to get that alignment of thinking and

getting the 10 authorities to work together—I pay tribute to the leaders of the 10 authorities, the officers and the unit that has been created for this, which has managed to get us this far—very privately, we have talked to a range of stakeholders and we have held workshops throughout the region. We have held our meetings throughout the region, so we started in Merthyr, we have gone to Rhondda Cynon Taf and we have gone to Newport. We named it the Cardiff capital region in Newport. We began looking out at Dowlais Top, which is the crucible of the first industrial revolution, and, here we are, with a region that can be a generator—dare I say it—for the third industrial revolution, because we in Wales missed out on the second. The third will be driven through connectivity and through a renewable energy strategy.

[139] **Mr Phillips:** In terms of adding to that, yes, it has been an interesting 12 months in the Swansea bay context as well. It has been two steps forward, one step back at times. However, I would say two things in addition to what Roger has just said. Part of the dynamic here is to identify the short, medium and long-term gains from this exercise. There are clearly some things that are going to take a long time to deliver, but it is no good the city region board promising jam in 25 years; we also have to look at how we can take the opportunities that are available to us now and play a facilitating role in terms of some of the projects that I mentioned earlier. The second thing is that it is important to remind ourselves, from time to time, what these city region boards are: they are advisory. They are not, at the moment, at least, in possession of powers or large sums of money. In my part of the world, we have been portrayed as some sort of sinister quango from time to time, but that is not the case. How that develops rather depends on the political debate in this institution and elsewhere, I suppose.

[140] **William Graham:** I want to ask you a bit about the metro, if I may. What do you think the role of the Cardiff capital region board will be in relation to the metro?

[141] **Mr Lewis:** This is an interesting one and it touches upon what, perhaps, Steve just hinted at. What is the role of the board? We are advisory. We are an advisory board, and I have consistently said publicly and privately that we have to recognise our capacity for taking this project forward and we have to recognise our skill set. The metro is fundamental to this strategy, as is planning and economic regeneration. Perhaps I could approach an answer to this question from a different angle, Chair, but please pull me back if you feel that I have not answered it. We are heading towards governance here—this is the subject. We do need to head towards a body for the region with full cross-party support. That is so important, because the nature of this project—the metro—is the infrastructure project that will take, ultimately, decades. As Steve has said, we have to produce something now for people because we need to give people a sense of hope that something is happening and changing and we are going to create a better place and a better world. However, metro projects, as you will hear later on this morning, are projects that take decades. We have to have a body that has full cross-party support and cross-region support, and ultimately, it has to be understood by all of Wales what we are doing in this region. It not only has to go across the long-term cycles, but it has to have an overarching strategy for transport, for economic development and planning, so that the big discussion is taking place—and we will give our view as an advisory board on governance. We need to create something that relates a transport body to a planning body. They have to be working hand in hand. So, we do need to create a body for transport, but it cannot be done in isolation.

[142] You will know far better than me that, if we are talking about a transport authority, then that requires, quite rightly, certain hurdles to be jumped. However, as I said, we are in a hurry. We have to get to a position where we are doing things and delivering things as quickly as possible. We do need to figure out how we get an overarching strategy for planning; the Planning (Wales) Bill is in the pipeline. I met the Minister yesterday to discuss this, and we need to figure out how planning and transport work hand in hand. However, without a doubt, we need that body. Is it Metro Co.? That is being debated. However, Metro Co. cannot exist

without Planning Co. and cannot exist without a sense of economic regeneration. That is why I feel that we need a body that all of the parties are happy with, which is democratically understood and has the ability to be fleet of foot, working with the private sector. Then, we need to square this within our devolution journey here in Wales. So, how do you work with that body alongside our devolution journey? That is something that is very much at the front of our minds at the moment. So, hopefully, sir, I have addressed that, but slightly obliquely, so if you wish to pull me back, please do so.

[143] **William Graham:** That is fine; thank you very much. Joyce, you have questions on planning.

11:00

[144] **Joyce Watson:** I am particularly interested in the planning aspects of development, and how you, as city region boards, have influenced, or hope to influence, the local transport plans and the national transport plans that are, as you have just mentioned, currently in development?

[145] **Mr Phillips:** From the Swansea bay perspective, there are a couple of dimensions to the answer. About 12 months ago, the previous transport consortia were abolished and the statutory responsibility for producing the plans that you alluded to was transferred back to local authorities, but with the sign-off of the city region board. That is a process that we are going through at the moment with the four authorities in Swansea bay. I agree with what Roger has just said—I have to be frank and say that I am no fan of the planning Bill. I think that there is a strong regional dimension that needs to be put in place in terms of how we join up planning, land use, transport and so on, and of course align it to the process of adopting local development plans that is gathering pace across Wales. So, I see an argument for regionalisation, not centralisation. Again, going back to what I said earlier, this is one of the issues to be debated in the context of what powers, if any, city regions are going to inherit and how they match up to what is happening elsewhere in the UK and between the two Welsh city regions.

[146] So, we are working on transport plans; in our particular case, they will hopefully be approved by the four constituent authorities and be submitted to Ministers by the end of January.

[147] **Joyce Watson:** You have laid a lot of emphasis, rightly, on rail transport. I live in Pembrokeshire and cover mid and west Wales; a lot of it does not have any railway, while Pembrokeshire has. Will you produce some plans in terms of the connectivity between the different modes of transport—that is, road, rail and sea?

[148] **Mr Phillips:** Yes, we will be doing that, but the connectivity agenda in south-west Wales—and I am an incredibly poor substitute for Sir Terry Matthews on this—is not about roads or rail, important though they are; it is about broadband and moving to gigabytes and faster and building on what is already happening with programmes such as Superfast Cymru.

[149] To answer your question, we are conscious of the need to look, where we can, to integrate the transport offer—the electrification of the Paddington to Swansea rail line offers an opportunity to do that. The Welsh Government and Europe have made significant investments already in railway stations, currently in my own patch of Port Talbot and elsewhere. So, we need to join all this up. There is a clamour for road improvements. I think that I am right in saying that the Minister announced an acceleration of the review of the A40 and what can be done there as a response to the Murco announcement last month. So, the city region will be looking to play a positive role in terms of that work as we are required. There is a lot to be done, but the connectivity agenda in south-west Wales is really focusing around

broadband at the moment, not physical infrastructure. We are not forgetting about road and rail, but, really, the No. 1 issue—and you would expect this from someone of Sir Terry's background and calibre—is broadband and what we are going to do about getting south-west Wales up to the necessary bandwidths to attract the sorts of twenty-first century investors that we need to move up the economic league table.

[150] **Joyce Watson:** If I can ask a final question, you talked about your inter-relationship with the Haven enterprise zone. Clearly, ports are critical again. It goes back to this transport question and the recognition of ports as a possible player, and maybe a major player, in some of that intermodal connectivity that I asked about in the first question. Are you considering that in your grand plan?

[151] **Mr Phillips:** Yes, we are. I have met with the chief executive of the Milford Haven Port Authority myself. We have, obviously, a number of very good port facilities in the region—Port Talbot, Swansea and Milford Haven—and, indeed, an agenda around smaller harbours in regeneration terms, Saundersfoot being one example. So, we very much see projects like the tidal lagoon as bringing huge benefits generally, but also to our port infrastructure. We do need to develop the relationship with the port at Milford Haven and with the enterprise zone, but that is very much work in progress, and we need to align it to how the Welsh Government is going to take forward the European structural funds programme in the area and how it is going to respond to issues such as the Murco closure.

[152] **Byron Davies:** I have two issues on the transport. The Minister has talked in the past about realigning the national transport plan to take into account enterprise zones, et cetera. Has that been mentioned to you in terms of your roles? The second part of the question would be that neither of you has mentioned Cardiff Airport, which is strategically very important, I would have thought, for both of you.

[153] **Mr Lewis:** If I pick up on Cardiff Airport, Steve, you can pick up the other one.

[154] Forgive me for that, I should have mentioned it. It is in our report, which I reviewed yesterday. Cardiff Airport is very much part of our thinking and how we align to our connectivity, but also to our positioning world-wide, our brand position and our story position, and it is very front-of-mind. We will be saying some very bold and encouraging things about Cardiff Airport. It is absolutely key to the future prosperity of the region; it is absolutely fundamental.

[155] **Byron Davies:** Can you expand on that?

[156] **Mr Lewis:** I think that it would be inappropriate for me to expand on that at this stage, because I have not presented the report to the Minister, whom I advise, so it would perhaps come as a bit of surprise today if I were to do that. However, what I would give you the confidence of is that Cardiff Airport is fundamental, not only to the region, but to Wales as well. It is a statement; it is an international gateway to our country, so we have to support that in a range of different ways.

[157] **Byron Davies:** What about the national transport plan?

[158] **Mr Phillips:** I am not sure what is going on in the Cardiff region, but part of the process that I was describing in response to the last question is around the national transport plan. Clearly, it needs to be integrated at all levels. We have got to a point where it is still work in progress at the Welsh Government end of the pipeline, but there are a number of alignments that need to be made, not just in terms of policies and strategies. We are very mindful of the fact that, for example, bus services in parts of rural Wales and elsewhere are under severe pressure as a consequence of the reduction in subsidies. So, it is all very well

having grand strategies, but what we need to do is to make sure that we can take a holistic view of the transport offer. So, at the top level, it is about electrification of the rail line and integrated services from the Swansea area into west Wales, but we need a bit of a reality check—

[159] **Byron Davies:** I am interested in that, actually. Could you expand on that integrated transport into west Wales? Can you just expand on that?

[160] **Mr Phillips:** Transport into west Wales—

[161] **Byron Davies:** Yes. What do you mean by that?

[162] **Mr Phillips:** Well, what I mean is that there is a travel-to-work area in and around Swansea and there are various ways in which that travel-to-work area is serviced, and it is the same eastwards towards Cardiff. What I am saying is that some of these services are coming under severe pressure, particularly bus services, and we need to make sure, in the context of the national plan, that we have a reality check, if you like, that all of it is aligned. If I just may say, on Cardiff Airport, a large part of its catchment area is actually Swansea bay, and this is what I was alluding to earlier, in that we are not in a competitive position with Roger and his board; that is our airport, and the prosperity and vibrancy of the Swansea area will contribute to passenger numbers at Cardiff Airport going forward, I hope.

[163] **Byron Davies:** May I just ask one more question?

[164] **William Graham:** Yes; one more.

[165] **Byron Davies:** You have mentioned electrification quite a bit, and I am thrilled that we have got it down to Swansea now. What bonus is that going to bring to the western part of your city region in terms of travel for people from Llanelli, for example, and beyond, to Cardiff?

[166] **Mr Phillips:** I think that it puts us on the map, quite frankly. We can talk about cutting journey times by 10 or 20 minutes, whatever it is, and that is important, but I think that, in terms of attracting investment, selling the quality-of-life offer that west Wales can make, you need—

[167] **Byron Davies:** Yes, but you still have Swansea; you come to Swansea, full stop.

[168] **Mr Phillips:** Not necessarily, because most people tell me that if they want to travel to or from west Wales, they get off the train in Port Talbot and jump on the M4. So, Swansea has a particular offer as a destination and the improvement of the city centre in Swansea is a particular emerging priority for the city region, and it is about making sure that we spread that perception of the west Wales offer beyond Swansea west, and there are different ways you can do that. However, I think that it is an important statement for south-east Wales and it is an important statement for south-west Wales.

[169] **Eluned Parrott:** I just wanted to return, if I may, to the question of governance. I agree absolutely with both of you that we need to resolve this if we are going to see a 25-year strategy that is going to survive five electoral cycles and local authority electoral cycles as well, which will obviously attempt to sway things. The first part of my question is: do you believe that the city regions need a statutory underpinning to help them to survive? The second part of my question is around other statutory things that are happening that are helpful, or not. You mentioned the planning Bill. Are there other areas of policy that you would like to see aligned with the city regions strategy to help them to move forward more quickly?

[170] **Mr Lewis:** The direct answer to your question is ‘yes’, I do believe that statutory authority should be given to the Cardiff capital region, but we have to handle this ever so sensitively for us all: for Wales and for what we have created within this building. That is why I call upon cross-party support for what we arrive at. This is part of our devolution journey here and we have to get this so sensitively right, because it is virtually three-dimensional how we are working on this, with the 10 authorities and what exists within that. Then there is a body, which I have mentioned, that needs to be created, but then there is its relationship to this building and to Welsh Government, whichever colour the Welsh Government is over the next five, 10, 15, 20 and 25 years. So, the direct answer to your question is: absolutely.

[171] I would add, in terms of what the areas are, that transport and planning have to work hand in hand, and economic regeneration has to be part of that, but then we, collectively, need to figure out how that relates to this building, because what we are creating within the region is a powerhouse for Wales. It really is a powerhouse for Wales; so, Ynys Môn has to benefit from this powerhouse—it has to benefit. So, how do we manage that democratically? How do we manage that in a way that is truly positive and avoids any knock together? That is the challenge for us. As an adviser—politically agnostic, but with huge respect—I will present our thinking, and then it is up to you, as politicians, to decide what is the appropriate body that will take us forward, but will also have the relationship with this house.

[172] **William Graham:** There are two quick questions from Rhun and then Jeff.

[173] **Rhun ap Iorwerth:** I have a very quick question. Cross-border co-operation is very important, but how do you respond to suggestions of almost an amalgamation in the future of the Cardiff capital city region and the Bristol city region as some sort of—horrible name—Severnside region?

[174] **Mr Lewis:** Of course, we have been there before with the Severnside authority. One of the interesting things, when we look back over the journey that we have been on with city regions, is that one must pay tribute to the many men and women who have had these debates and discussions. The first thing that I would say is that we have to be joined up first and foremost within Wales. We have to be joined up within the Cardiff capital region, and Swansea has to be joined up. We, together, then have to be joined up with the rest of Wales. That has to be our No. 1 priority, but what I have done is multitracked this. So, I have spoken to the mayor of Bristol.

11:15

[175] I have debated with him in a very constructive way. We have done it publicly, here, in Cardiff, facilitated by the Institute of Welsh Affairs. It was a very positive day of discussion. We have to be looking beyond Wales. We have to be looking to Bristol. We have to be looking down the M4 corridor. We have to be looking to the south-east. However, dare I say, we need to be looking far beyond that, and we will make reference to this in our report. We need to position ourselves in this twenty-first century, third industrial revolution. So, the relationships with sovereign wealth funds in Abu Dhabi and in Qatar, and our relationships with India, through new technologies, need to take us beyond. However, in the first instance, we have to be working with, and talking to, our neighbours. I can reassure you that those discussions have taken place, in a very public forum and in a very positive way.

[176] **William Graham:** Finally, Jeff, could you ask your question quickly?

[177] **Jeff Cuthbert:** Yes. On relationships with local authorities, you have stressed, quite rightly, that you have good relationships and that they are on board, as they must be. As you know, public services reform is very much on the agenda. It will, in all probability, result in

fewer local authorities. We do not know the numbers yet. However, if the number is shrunk, do you think that that will make your task easier?

[178] **Mr Lewis:** How I have positioned ourselves in the Cardiff capital region is as a positive force for good, because it is an alignment of strategy that will benefit the people of the region. Everything that I have heard back from the 10 local authority leaders, whom I have met in a very open and robust manner on two occasions, has been extremely positive to understand that overarching purpose. We need to rise above our historic tribalism. At the end of the day, we have to create not only a better place for the people of this region, but we have to do it with a sense of urgency. If there is one thing that I would leave you with today, first of all, it is a thank you for allowing us to express some of our headline thinking. Behind this, there is truly substantive work with robust data. However, we need cross-party support to take the vision forward. Also, we need that sense of urgency because, as you have hinted, the world has changed in the last 12 months. The world is accelerating on. As Steve as mentioned, barely a day goes by without another announcement. Our thinking was there. We now need to seize this opportunity. I ask of you all, early in the new year, when you see the fruits of our labour, that you quite rightly scrutinise it. Hopefully, if it has a resonance with you, you will support it, because we need to take this on beyond the political cycles.

[179] **William Graham:** Thank you very much. I can certainly give you an assurance that we will be looking at that report with great interest. Thank you very much for the way you have stimulated questions and the way that you have answered them today. I am most grateful for your attendance. Thank you very much.

[180] **Mr Lewis:** Thank you.

[181] **Mr Phillips:** Thank you.

11:18

Ardaloedd Menter, Dinas-ranbarthau a Metro Enterprise Zones, City Regions and Metro

[182] **William Graham:** I welcome Dr Jon Lamonte and assure him of the committee's gratitude that he has come all the way from Manchester to talk to us today. Could I ask you to give your name and title for the record?

[183] **Dr Lamonte:** I am Dr Jon Lamonte, and I am chief executive of Transport for Greater Manchester.

[184] **William Graham:** Thank you very much, and we will now start the questions, with the first from Rhun, please.

[185] **Rhun ap Iorwerth:** Could I just ask you, in general terms, to talk to us about your experience of working together, within transport in particular, but also to give us a wider picture of how things are working as a collective of authorities looking after this area, or trying to push it in a particular direction together?

[186] **Dr Lamonte:** Certainly. As to my experiences over the last two years that I have been running Transport for Greater Manchester, I had the advantage of coming from Transport for London, so I have seen a different model, and that is relevant in the sense of the mayoral model and how it works in London. It is very different in Manchester, with the combined authority, which has been going since April 2011, with 10 authorities working very closely together. Clearly, at the time, that was based around transport, economic policy and skills predominantly, but always recognising that this was a journey that was not an end in

itself, and that this was but a start of the process of devolution. In transport terms, they had a passenger transport executive, when they formed the combined authority, that took on some highways powers and quite deliberately became Transport for Greater Manchester. A sub-committee of the authority, the Transport for Greater Manchester Committee, made up of 33 politicians from across all of the authorities, provides us with oversight and governance of what we do. We then became a transport delivery arm for all things from trams to whatever we do on buses, rail and active travel—walking or cycling; you name it, we do it. Therefore, my experience is that, actually, it is a very powerful organisation as the combined authority. It works incredibly well.

[187] We are very fortunate that the local enterprise partnership, which has the same contiguous boundary as ours, works pretty much as one with the combined authority. Frankly, it would not matter whether it was any of the 10 leaders sitting here, the chairman of the local enterprise partnership, myself, the chief constable, or any of the other officer cohort; you would get exactly the same story. Just to complete the story, it is because we have had a long history, since the county council disappeared, of authorities working together on an informal basis. They continue to work together, despite political changes along the way, but it has been a growing experience over a long period of maturity.

[188] **Rhun ap Iorwerth:** How prevalent are tensions between authorities, and are there mechanisms in place to deal with those in a particular way?

[189] **Dr Lamonte:** We have, at officer level, a very good structure of a wider leadership team, with the 10 authority chief executives, myself, the chief constable, chief fire officer and NHS leaders, and we will talk through issues. We then, obviously, have the combined authority to make the decisions, and it meets informally and formally. Of course, there are day-to-day tensions, but these get ironed out, and my experience says that, despite the different political complexions, everyone agrees that the greater good is served by working together, particularly around the core proposition around economic growth and becoming a net contributor to the national economy.

[190] **Rhun ap Iorwerth:** With economic growth at the heart of it, how is the private sector then formally involved?

[191] **Dr Lamonte:** As to the relationship between the combined authority and the local enterprise partnership, the local enterprise partnership consists of substantial business leaders and some of the leaders from the combined authority, so we talk about the common issues. We also have a very close relationship with the chamber of commerce, which is very large and very extensive over our area, and we have a business leadership council that represents some of the SMEs. All of those bodies tend to have the same sort of people who talk about the same issues, and we have a good, coherent story that comes out of it.

[192] **Rhun ap Iorwerth:** Finally from me, just as a general opening, what are the characteristics that you need for a successful city region from your experience?

[193] **Dr Lamonte:** A culture of working together and clear aims of how this will work together and why. It needs coalescence of planning and transport, which I heard from previous witnesses, but that is absolutely the case, and skills to match and the capacity to deliver on all of the aspirations that come through. That is crucial as well.

[194] **Rhun ap Iorwerth:** I have one last point. You were listening, so I know that you heard a fair bit of what was said. Do you think, from the last five or 10 minutes there—and we had a pretty good overview from Roger Lewis of where he sees the Cardiff city region going—that it is getting it right in terms of what it is trying to achieve?

[195] **Dr Lamonte:** I am sure that it is the way to go. My experience tells me that there are certainly benefits in having statutory powers around the authority to be able to deliver. It gives us credibility with Government in order to negotiate deals like the city deal and, subsequently, devolution. I think it is about having a clear capacity to deliver on these things. I noticed that there was some discussion this morning about metro and, no doubt, you will want to talk about metrolink, but we are very clear that not only is it an appropriate solution for us, which is important, but we have the capacity to deliver that sort of thing and that is how we make it work. So, there are a few things around that that I think are worth teasing out.

[196] **William Graham:** Thank you very much. Jeff is next.

[197] **Jeff Cuthbert:** Thank you. Welcome. I have been a passenger on your excellent metro many times and I enjoyed the experience, I have to say. However, I want to talk a little more broadly. You mentioned just a moment ago the importance of having the skills to match, and, clearly, one of the main benefits that we want to see from our enterprise zones and city regions is greater economic development. Key to that is having the right skill levels. So, can you tell us a little bit more about how, in Manchester, you went about identifying the skill needs, and how you work with the broader higher education and further education sectors to help you to try to deliver that? Perhaps I will pause at that point.

[198] **Dr Lamonte:** Okay. I will be careful that I do not exceed the limits of my expertise on this. Nevertheless, one of the leaders within the combined authority has skills as their portfolio responsibility. That is important because it brings together, under that leader, all of the elements that make up that skills picture right the way through from the basic skills levels to HE and FE. There is a Working Well programme that has been in existence for some time that does work particularly well. I mentioned our local enterprise partnership. There is nothing unusual in the fact that the vice-chancellor of Manchester university is on that. The vice-chancellor of Manchester Metropolitan University is also very much tied into all of our skills agenda. There is a very close relationship between Manchester New Economy—part of the Manchester family—which is our research and development arm and brings together all of these, ‘What are the skills needs?’, ‘Where are these things going in the future?’ questions. It also leads—and I listened earlier on to the debate on European structural funds—on the calls for European structural funds, and that is the avenue that it comes through. It comes through our chief executive’s group so that we have a good view of what we are asking for, how it matches the overall picture, how it is going to feed our overall greater-Manchester strategy—which we have, which is the combined authority’s product, looking out to 2020 in this case—and what we are going to need. So, we try to integrate all of these asks together so that we have an overall picture.

[199] When it comes to ESF in our case, we are looking at how we bring together some of the disadvantaged groups to make sure that we have all of the inclusivity that we want, because that is a feature of our economy in greater Manchester. We do have substantial numbers of people with particular needs, and we need to bring them through as well. We are conscious that we have quite a few unemployed in particular locations. It is a question of how we bring them through as greater Manchester. Then, we will do things for my own world, in transport, to try to help. For example, we have 24,000 people that we are helping through job centres, with discounted travel for their first month to get into work and stay in work. So, we will do that. We will do a lot more about personalised travel planning. So, we try to integrate the offer for people. That is what we are trying to do.

[200] **Jeff Cuthbert:** I have just a few particular points. You have just mentioned discounted travel. Who is paying for that?

[201] **Dr Lamonte:** Either we will do it via bus companies, and bus companies will do—

[202] **Jeff Cuthbert:** Voluntarily.

[203] **Dr Lamonte:** They will voluntarily do that sort of thing, but that is pretty limited.

[204] **Jeff Cuthbert:** That is interesting.

[205] **Dr Lamonte:** Or we will do it as authorities, because we have a certain amount of sustainable transport fund money to be able to fund that, but that is relatively small. We would like to do a lot more of that, but we are limited by the amount of revenue money that we have available, like every other authority.

[206] **Jeff Cuthbert:** I appreciate that last point. I wonder whether you could send us information perhaps on the nature of that scheme with private transport companies.

[207] **Dr Lamonte:** Sure, yes.

[208] **Jeff Cuthbert:** Also, the Working Well document that you referred to, and, indeed, in terms of ESF and any case studies that you have of how you work, particularly with disadvantaged groups to draw them in.

[209] **Dr Lamonte:** I will be glad to help.

[210] **Jeff Cuthbert:** The final point from me is about the private sector. How do you engage with the private sector, especially in terms of identifying skill needs, and what contribution does the private sector make to the development of your city region?

[211] **Dr Lamonte:** I think that the private sector development is through two avenues. The local enterprise partnership is one for sure, because that is where some of the major employers are present at the table with a number of leaders. So, they will review all of the activities that we have on skills to make sure that they are appropriate and are meeting our needs. It is a question of whether there is something that HE and FE providers can do more of. That is how we would do it. Also, we are very clear that, through the chamber of commerce, which I think is about 7,500 businesses across greater Manchester, they will feed through what their skills needs are, so that when it comes to something like HS2 that comes up to us as a proposition, we know precisely what skills we will need for the future and the opportunities that are available. We were not successful in securing the HS2 college, but we knew precisely what sort of thing we needed to aim at.

11:30

[212] **Eluned Parrott:** I just wanted to go back to the early days, if I could. Obviously, we are very early in our journey in terms of developing our city regions; you are much further advanced. I am wondering whether you could give us idea of what kinds of hurdles and barriers you faced in the early days to embedding the city regions. Obviously, having that statutory underpinning gives you clout now, but I am wondering what other things had to be laid in order to get that going.

[213] **Dr Lamonte:** Given that I have only been there two years, I cannot give you, from personal experience, some of the hurdles that had to be overcome. I think there were already a lot of things where we had done a lot of joint working, whether it be with the police, the fire service or waste disposal, although that was a particularly difficult issue and remains so, because it is a drain on public resource. So, on things like joint ownership, where Manchester Airport was jointly owned by the 10 authorities, there was an awful lot of experience of working together. When people come together to deal with bigger and wider issues, things like reform of the NHS, they can tackle it in a collective way. I will not pretend it is always

easy—and the NHS is a classic example of where it is not—but it is a body that can work together to make things happen.

[214] **Eluned Parrott:** So, essentially, there had been good examples of successful collaboration across all of the partners previously. In terms of those private sector partners, were they involved in some of those earlier projects as well, or was it a new venture for the local authorities to be working so closely with private sector partners?

[215] **Dr Lamonte:** Historically, the chamber of commerce has been there for some time. It is a large, mature body and it has been, clearly, an advisory body. The business leadership council has had quite a bit of longevity as well. What is newer is the local enterprise partnership as a vehicle, and that has brought in some significant players, such as Siemens, BT and some pretty big companies. Bruntwood is one of the big property development companies in our area and that has brought a different, better and stronger focus to what we are trying to do.

[216] **Eluned Parrott:** What new powers did you get as a result of the city deal devolution package?

[217] **Dr Lamonte:** We have had a series of stages of this. In terms of city deal, part of the city deal was to give us the ability to try to fund projects through what is called 'earn back', which is essentially a pay-by-results mechanism that other cities have now got, where we would be rewarded for investing, therefore generating jobs and therefore creating greater tax take. Fortunately, in the second stage of that city deal process, which has been announced now as the greater-Manchester deal, we have got away from the complex formulaic process that was there, which would have been difficult to service, and we have now got a much simpler, straightforward system of five-yearly reviews to ensure that we are doing what we said we would do, delivering the infrastructure that we said we would deliver and we will get, therefore, money back that we can invest in future projects. So, the initial city deal, for example, got us a substantial new road from Stockport to the airport, which was called the SEMMMS project. This new devolution deal has given us sufficient certainty in funding to be able to get the next extension of the metrolink to Trafford park, which is a huge industrial and retail area, and we will get that done in the next few years. So, that is what it has allowed us to do.

[218] **Eluned Parrott:** May I just finally ask how, over the years, have the powers and responsibilities of your city region developed and grown?

[219] **Dr Lamonte:** Progressively, we have had more and more powers or ability to influence. So, the initial statutory powers that we have—. For example, the combined authority took on essentially the transport authority capability, but did not take away all the highways responsibilities from local districts—they still have those right now—but it gave the combined authority an overall view of transport. Progressively, we have taken on more responsibilities, so, for example, my organisation has a responsibility for all traffic signals across the entire region. The devolution deal that we have now got, which is obviously linked to a directly elected mayor, will give us even more powers, potentially through powers to the mayor, for example, on bus franchising and that sort of thing. Elsewhere, it is more about influence with agencies like the Highways Agency. Unlike London, we have a motorway network that is an integral part of central Manchester. We need to work much more closely with the Highways Agency and indeed Network Rail. That is why we want a greater influencing role rather than necessarily to take powers.

[220] **Joyce Watson:** Good morning. I want to ask you to expand on the skills agenda that Jeff alluded to earlier on and to pick up on futureproofing and legacy, because you did not seem to mention them, but that does not mean that they are not there. So, I was thinking

particularly about huge contracts and whether you have built in any social clauses that would result in a commitment to apprenticeships, training and skills by the private sector and not just the public sector.

[221] **Dr Lamonte:** I am on the limit of my expertise here, but it is certainly true to say that we encourage apprenticeships and graduate schemes. Where we can, in my organisation, we encourage that in contracts without compelling. I know that it is part of the skills agenda. I do not have knowledge of precisely how that is being taken forward. It is not part of my remit.

[222] **Joyce Watson:** Okay. Do you think that it is possible, through you, Chair, for us to have some of that information?

[223] **Dr Lamonte:** I am sure that we can get access to what we do on skills. That is no problem at all.

[224] **Joyce Watson:** Okay, thank you. I want to go on now to understand the key issues involved in developing an integrated transport system. Do you have any examples of best practice in planning and delivery of the integrated transport network?

[225] **Dr Lamonte:** I think that planning and transport approvals have to be done hand in hand. On the evidence of how that can work, I would take two examples of that where we are introducing new interchanges at a number of locations across greater Manchester—in Rochdale, Bolton, Altrincham and Wythenshawe. It starts to get heavy rail, light rail, bus, taxis and everything else working together, so it is an integrated offer for the public. So, they do not have to think about whether a mode is available at that place or whether they have got to go somewhere else, it is all there and it is an integrated offer. We have also tried to integrate cycling with that, so there are cycle hubs—not just racks, but showers and decent locations to park bikes, so it becomes part of an integrated network. We think quite a lot about park-and-ride schemes to go along with our transport network. We do have park-and-ride schemes around the outskirts of greater Manchester to have a better impact on the environment.

[226] Ticket integration is crucial in all of that. So, we are rolling out a smart scheme. Actually, we have had a multimodal paper scheme for years, but we are trying to get that on a smart basis. We have rolled it out across all of our concessionary passes so far on the tram network and it will be out with all our products on the trams next year. We are working with rail companies and bus companies to take that forward. That is the integrated offer that in London is Oyster, and that is the example that everyone always cites and wants. However, it is part of an integrated offer.

[227] How does it improve things? If you look at planning and transport coming together, we opened up our 14.5 km extension to the airport a year early because planning worked with transport and the construction companies to make things happen and happen more quickly. So, it is out there, it is running early and it is doing exceptionally well. So, that is pretty good. Another example might be the Oxford Road corridor, which happens to have two universities, four hospital sites and the busiest bus route in Europe along it. There, we have co-ordinated planning and transport to put in bus priority measures and to introduce segregated cycling where we can. So, it is a carefully planned environment that makes it a more attractive and sensible through-route for the public. That is the sort of thing we do.

[228] **Joyce Watson:** I want to ask now about opportunities that might be afforded to the Welsh Government under the devolution of powers and, particularly with a view to the next Wales franchise, how you think that we might be able to use those enhanced powers to enhance the integration of those transport mechanisms.

[229] **Dr Lamonte:** I can use the example of how we are working as Rail North, which is the 30 transport authorities north from Nottingham to the Scottish borders, and from Liverpool across to Hull and Newcastle, where we have all got together to say, 'This is the strategy that we want to follow for the next 20 years on rail and here is the approach that we'd like to follow for the next Northern and TransPennine express franchises'. So, we have clear asks around what we want in terms of better rolling stock, better customer information, better stations and how we see that integrating with other modes of transport. We are calling for integrated ticketing, so that we can link all the city schemes for ticketing to the rail network and make sure that they interoperate, so that will be a good way of doing it. So, there are a number of ways that we are doing it. I think that we have to be realistic about what we can do for two large franchises that cover a lot of ground with a limited amount of revenue to pay for them, so there is a limited amount that we can achieve, but what we have now is a process to develop our working with the train operating companies, whoever they are, for the next franchise period of seven, eight, nine or 10 years, so that we can get the improvements over time, because we will not get them on day one of the new franchise.

[230] **Joyce Watson:** Do you think that the current powers to regulate and integrate bus services outside of London are effective and have you had any discussions with the UK Government about having additional powers?

[231] **Dr Lamonte:** To answer the first bit, no, they are not adequate. One of the things that stopped us having an integrated ticket offer that everyone understands and that is at a price that people can pay is the fact that I have 30-odd bus companies operating commercial services in greater Manchester. That makes it very difficult to manage. It also means that they will tend to operate on a commercial basis between the places that get the best revenue, and not necessarily link up places in the integrated way that we would want. Therefore, we have asked the UK Government for greater powers for bus franchising, which is part of the greater-Manchester agreement, and that is linked to having a directly elected mayor, which we have said will happen by 2017. However, the mayor would then have powers for bus franchising. If we can get bus franchising, suddenly we can start getting into fare setting and having a ubiquitous integrated ticketing offer. We can start designing the network to fit in with where we need to go, for example, to expand to the economic zone at the airport city to try to get the links out there and to try to get people linked to jobs, and suddenly we can start to make things happen. So, that is what we are looking for; that is why we are looking for bus franchising powers.

[232] **William Graham:** In terms of the Manchester metrolink light rail, you have heard that we were questioning the previous witnesses about the proposals for the metro, are there any particular comments on suitability? It is not going to be easy with our geography in south-east Wales.

[233] **Dr Lamonte:** I can certainly say that tram networks are on the up, but they are not always the most appropriate solution and, indeed, we have seen that, from Wigan, where we judge that a metrolink extension would not be appropriate and that a bus rapid transit system would be a better solution, and we are putting in a guided busway and a series of bus improvements to make that happen. However, there are other places where it has absolutely made a massive difference. I do not think that we would have attracted the BBC to Salford quays had we not got transport improvements and a metrolink line to MediaCity and, of course, that has now taken off with ITV, *Coronation Street* and a whole digital world that has gone around it. If I look at what has happened in Rochdale, where we have a tram extension into the town centre, we have a brand-new interchange and the public realm has changed. We have demolished some 1960s car parks and, suddenly, the balance of the town is actually moving. It is about the regeneration benefits, not just about having a transport network. Similarly, in Oldham, in the town centre, the public realm improvements have shown up some of the shops, so they are having to change in nature. We are getting more of the sort of shops

that we would like to see in the town centre. It is opening up a retail development opportunity at Oldham Mumps that, frankly, probably would not have come there had we not had this connectivity. So, suddenly, it starts to change the whole community and place, and that is what it is really all about: place making.

11:45

[234] **William Graham:** I do not mean to lead you, but is the thrust of your argument really that a metro system would not survive alone and has to be part of an integrated system?

[235] **Dr Lamonte:** It does have to be part of an integrated system. It has to be appropriate and it has to have a very good business case. You do it only where it really stacks up. There might be other means of doing it. At one level, there could be heavy rail solutions and mainline rail. We are now looking at new places to go where tram-train might be a better answer—to run tram-trains that are interconnected with main-line rail. That might be a better solution. Elsewhere, as I have said with Wigan, buses might be more appropriate. It is about having the right solutions to the right places where the economics stack up.

[236] **William Graham:** I see that. I will ask you one last question, if I may. Are there any particular warnings that you might sound on things that, perhaps, you could have done better within your authority?

[237] **Dr Lamonte:** I actually think that we have a very good story to tell in what we have done. There is nothing particularly that I would say would be better in retrospect. I think that what I do strongly urge Members to think about is having the capacity to deliver. Even as I look ahead to the greater-Manchester deal and all the devolution and the powers that go with it, what I am very conscious of is that we will have to grow with it in order to be able to deliver all of those schemes and benefits.

[238] **Eluned Parrott:** In terms of commissioning services, clearly, capacity is key. Having the skills and the knowledge in terms of the staff commissioning those things will be important. If you do not mind my asking, what kind of resource do you invest in things like commissioning schemes and designing the transport infrastructure that you are trying to deliver?

[239] **Dr Lamonte:** Certainly, we have a growing in-house capability, because otherwise we would have spent a fortune on consultants. Consultants have their place, but also, in delivering some of these schemes, we have integrated delivery teams with delivery partners. Ours happens to be Parsons Brinckerhoff for the metrolink scheme, and that has worked well for many years. As the balance of our capital programme reduces so its presence reduces as well, which is obviously important from a revenue perspective. I do not need to have loads of people sitting there for evermore. However, in the bus interchange world, we want our own capability. If we take on more highways powers, we will need greater in-house capability to be able to deliver that sort of thing.

[240] **Eluned Parrott:** Has it been easy to find people with the right skills and experience to fill those roles?

[241] **Dr Lamonte:** It is increasingly difficult. The market is hotting up all the time—whether it is because of HS2, Crossrail, Crossrail 2, or the Thames Tideway tunnel, the market for these individuals is getting increasingly difficult and the amount of money that they charge, especially because many of them are in the south-east, is getting frighteningly high.

[242] **Eluned Parrott:** Okay. Thank you.

[243] **William Graham:** Thank you very much for all that you have told us. Without wishing to be in any way—. How can I put? Let us say the committee has already decided that we would very much like to visit an authority like yours. Do you think that an invitation might be possible?

[244] **Dr Lamonte:** I would be delighted to see you, and we will put together whatever programme suits you to see the sort of elements that you would like to see.

[245] **William Graham:** I am most grateful and, on behalf of the committee, thank you very much for that invitation. Might I thank you for the way in which you have given your evidence today and the way in which questions have been posed and so well answered? Thank you very much.

[246] **Dr Lamonte:** Thanks very much indeed.

[247] **William Graham:** We will end our committee now until 1 p.m.

*Gohiriwyd y cyfarfod rhwng 11:49 a 12:59.
The meeting adjourned between 11:49 and 12:59.*

Ardaloedd Menter, Dinas-Ranbarthau a Metro Enterprise Zones, City Regions and Metro

[248] **William Graham:** Good afternoon and welcome. I particularly welcome the Minister, Edwina Hart, and James Price and Tracey Burke. The witnesses will know that this is part of our one-day session into enterprise zones, city regions and metro. We are going to go straight into questions. I am going to ask the first question, if I may. How do the enterprise zone boards fit in with other groups or reviews that provide advice to you, Minister?

[249] **The Minister for Economy, Science and Transport (Edwina Hart):** Thank you very much, Chair. I think you had a couple of my enterprise zone chairs with you this morning. As you can imagine, they do not have any difficulty in getting their views across on any elements of Government policy on enterprise zones or anything else. So, we do have a good relationship with the enterprise zones. I meet their chairs on a regular basis. They communicate via my officials—the officials that are allocated to them. Also, in terms of north Wales, which will be of interest, with the economic ambition board, the new chair of it, the leader of Conwy County Borough Council, has wanted the enterprise zone chairs to attend those meetings—they will probably rotate—to get a feel of what is happening there. There has always been a very close relationship with the enterprise zones, particularly if you look at the advanced manufacturing sector, which Gareth Jenkins is the chair of and also of Ebbw vale enterprise zone, which has proved to be a very neat fit. John Idris Jones, who was also with you this morning, has an impact in terms of energy policy discussions as well as chairing the enterprise zone.

[250] One of the closest fits has probably been the Cardiff enterprise zone, in relation to financial and professional services and how that works, and the city region. We are looking at whether we need to change some of the roles of the enterprise zones to reflect changes with the city regions, because I am minded as to whether I should look at the board structure, particularly in Cardiff, to link in more closely with the financial and professional services sector representation on that board and representation from the city region.

[251] So, as far as we are concerned, the relationship between the enterprise zone boards and the city regions will continue to develop, because I think they have an excellent role to play. We were discussing only this morning in the Murco taskforce issues about how we need

their work to not just be enterprise zone-focused but also city region-focused. A couple of points that came up from that were that in the city region they have been speaking about their favourite topic, connectivity and broadband, and about how they wanted to do it there to help Murco and Pembrokeshire more. The enterprise zone board is also looking at how it could enhance its role there in terms of whether it needs to widen its boundaries, what it needs to do to attract business and how that would fit into the city region proposals. So, they are listened to and heard, and they have very strong views about a number of issues.

[252] **William Graham:** Thank you very much, Minister. Jeff is next.

[253] **Jeff Cuthbert:** Thank you. Building very much on the answer that you just gave, would you say that there any barriers that are perhaps holding back some zones? I know that you have mentioned before Snowdonia, for example, as being in a difficult position. As regards matters that can be tackled, I appreciate what you have just said about linking in with the city regions. Also, what would you say, in terms of this question, have been the greatest successes so far?

[254] **Edwina Hart:** In terms of what holds enterprise zones back, I think there is a variety of areas. One of the issues that has been raised is planning. It is a mixed response on planning. There has been a lot of talk about local development plans and how they would work and everything, but the chairs themselves feel that there is a road through but that they sometimes think that they need quicker decisions. That is one of the ongoing issues and concerns that we have had discussions on.

[255] There is also the issue of access to finance for companies within the enterprise zones. We have Dylan Jones-Evans doing his report, but it is also about how we streamline things in terms of how we deal with it. That is also one of the issues that has been raised with me as a barrier.

[256] In terms of their successes, I think it has been the commitment that the private sector has shown to the zone boards. If you look at the membership of some of the boards, you realise that we have extremely busy people from the private sector who are prepared to give up their time, as it were—we are not talking about generous cheques going to them in any shape or form—just to make it function. That has been the most brilliant thing—the private sector's commitment to how we have to deal with these particular issues and what we need.

[257] A fine example of that is the Murco taskforce, which is chaired by Roger Evans when I am not about. Roger Evans is a leading executive in a manufacturing company, and people like that are prepared to give up their time, and so are the enterprise zone chairs.

[258] **Jeff Cuthbert:** Thank you. I think the message that came across to us from Gareth and John this morning was very much about the very good engagement with the private sector and people being willing to go that extra mile. Could I ask you the second part of the question? This is linked to the key issue that they said that two of the main problems for people wanting to come in was that of energy costs and skills. Particularly focusing, if I may, on the issue of skills and the opportunity that the EU structural funds present for skills development, how well is private enterprise engaging with both HE and FE, in terms of providing the right sort of environment? Then, the other point that you mentioned was about Superfast Cymru. How well is that rolling out within the enterprise zone regions?

[259] **Edwina Hart:** In terms of FE and HE, there are, individually, very good relationships, I think, between the enterprise zones. If we look at the work that is done, particularly on Ynys Môn Energy Island and the way that it is looking at enhancing skills in that area to ensure that we have the skills necessary for the nuclear industry, I think that that is a very positive note. Within Cardiff, in terms of the financial and professional services sector,

we also have training programmes to make people fit for purpose there, so we have good relationships developing within that particular area. On the question of wider manufacturing, all of them are very happy about the apprenticeship schemes and their links with the companies and the relationships that they have with the colleges and everything. So, I think, in terms of skills, they are aware of what is needed, but they have also done a lot of work on looking at the skills shortages within areas, as an enterprise zone, in conjunction with the colleges so that they are fit for purpose in terms of what they want to attract.

[260] In terms of Superfast Cymru, there are issues. We have obviously tried to do what we can in terms of the enterprise zones enhancing it because it is quite a key area, to be honest with you, in terms of the whole agenda there—mobile phones and the whole lot of it. It is an issue that we have actually been discussing this morning in the Murco taskforce about the enhancements in Pembrokeshire because of the issues there, but also getting it far better in terms of the enterprise zone links. Also, on top of that, there is that superfast broadband, but there is also transport and other links and connectivity that need to be considered within the context of how the enterprise zones are going to work. However, I would say that, in general, the chairs have broadly welcomed the initiatives that we have taken, but, on superfast broadband, it would nice if everything was done yesterday and was not going to be done today or tomorrow, would it not? That is the reality of it, I think. I do not think that there is anything else that we need to add on broadband, Tracey, is there?

[261] **Ms Burke:** On broadband, no; I think the roll-out is going quite well across the zones and there are a couple of quite difficult issues which are being resolved at the moment. I was going to say that the survey that we conduct in the enterprise zones has identified barriers so that we can try to tackle those and they have tended to be broadband or business rates, both of which we are trying to take action on to address. Larger companies have been identifying the skills issues that you have just raised.

[262] **Jeff Cuthbert:** May I ask, on that last point that you mentioned, how well private companies are actually engaging with centres of learning to make clear what their skills needs are now, and for the foreseeable future? Is that happening in a co-ordinated way?

[263] **Edwina Hart:** It is. The anchor companies are definitely engaging very well. The issue is that we have to get small and medium-sized enterprises to engage much better in terms of that agenda. We are focusing on SMEs. For instance, the Haven enterprise zone has done a lot of work identifying the needs and requirements of SMEs, and it will be doing a further amount of work to see whether we can help SMEs to take on more personnel now in light of what has happened in Murco. It has worked very well with the college and is finding that the college is coming up to the mark to get the skills that are required.

[264] If I may go back to your earlier point about broadband—it would be remiss of me if I did not say something on this, Chair—we have had some major broadband issues around St Athan. St Athan is quite a key site for us in terms of what we need to do. The Ministry of Defence has been very difficult; it has obstructed some of our efforts for potential cable routes across the site, because we do not have ownership of the site, because it is concerned about security. We understand the need for security, but, on the other hand, I have a vast site there that I need to get employment opportunities into. The Military Aviation Authority, as well, James, has prevented various proposals around this as well, so some of the businesses are concerned about what we will be able to provide on that site. I have to be frank; we have difficulties with the MOD, as you will well know, Chair, about one of the buildings on the site and we have tried to resolve these. We have not gone overboard in terms of forcing the issue all the time, because we recognise that the MOD has other priorities; it has a lot of work in terms of coming out of Afghanistan and other stuff. However, we will be, and have started now, saying—James has started to say—‘Look, we’ve got to have a resolution on these issues at St Athan because we need to know about the superhangar.’ We have had a lot of interest in

the superhangar, which we have actually had to turn away because it has got mattresses and two aeroplanes or something and the MOD is holding onto it. Then, of course, we have the issues about the broadband to enhance the services for everybody else. So, we are going to make a push on this, but we do not want to be difficult, because we do understand military issues and we are part of the United Kingdom after all, and we do want to support our military in the best way that we can. However, I think that the time will come when these matters will have to be more promptly dealt with by the MOD.

[265] **William Graham:** Eluned, do you want to come in on that point?

[266] **Eluned Parrott:** Yes, on the point with regard to the St Athan enterprise zone, what non-cable broadband solutions have been investigated for that site?

[267] **Edwina Hart:** Yes, officials have started to look at this, if we cannot come to an agreement, because we could use the same ducts, if the MOD allowed us to do certain things, but they will not. However, I think that, with the MOD's disengagement from parts of it, perhaps an agreement will be forthcoming eventually. They have plant rooms that we cannot use. There is a whole range of issues there that are quite complex.

[268] **Ms Burke:** I think that there is also some concern about Wi-Fi, interfering with aircraft—

[269] **Eluned Parrott:** [*Inaudible.*]—satellite interventions.

[270] **Edwina Hart:** Yes. If it would be helpful, and I am sure that it would be, I could send a little note about the issues in St Athan to the committee, because I know that you are as keen on developing it as an enterprise zone site as I am. You can then raise any practical issues that you think I am missing a trick on.

[271] **Rhun ap Iorwerth:** Including the latest on air traffic capability.

[272] **Edwina Hart:** Yes. I am happy to do so.

[273] **Eluned Parrott:** Also, with regard to the St Athan enterprise zone, obviously it is not just the MoD site that this encompasses. One of the more interesting entries in the Vale of Glamorgan local development plan is an interestingly shaped parcel of land to the east of the runway at Cardiff airport for what was described as the 'Cardiff airport city development'. Do you have any further detail on what that might be, because, obviously, the consultation on that LDP has closed and yet local people do not know what that black box contains?

[274] **Edwina Hart:** I do not know what that black box contains either.

[275] **Eluned Parrott:** Do you know who does know what that black box contains?

[276] **Edwina Hart:** I think that it is the Vale of Glamorgan.

[277] **Eluned Parrott:** Okay, thank you very much.

[278] **William Graham:** Jeff, have you finished your questions?

[279] **Jeff Cuthbert:** Yes, thank you.

[280] **William Graham:** Rhun, you are next.

[281] **Rhun ap Iorwerth:** If I said that I wanted to talk about evaluation and

performance—

[282] **Edwina Hart:** I would smile.

[283] **Rhun ap Iorwerth:** You would guess where we are heading. You might want to cut to the chase immediately, but I will just start with a general question: how do you currently go about evaluating the performance of enterprise zones?

[284] **Edwina Hart:** I think that you probably understand, after your conversation with the chairs, that we do have an active dialogue with each other about what we see and where we are going in terms of how we evaluate them. In many ways, this is just work in progress—this is the start of the process with enterprise zones; it is not completed. How old will they be in May, Tracey?

[285] **Ms Burke:** Three years old.

[286] **Edwina Hart:** They will be three years old. That will be the time for me to look at these issues. I have also commissioned some work on looking at wider issues around the enterprise zones from the Institute of—what are they called again?

[287] **Ms Burke:** Public Policy Institute Wales—PPIW.

[288] **Edwina Hart:** I have asked PPIW to look at enterprise zones, at governance around them and at all of the wider issues that you have been asking me about. That report is being completed. The professor is coming to see me to discuss it. It is up to PPIW when it publishes it, but you are more than welcome to have a copy of it when I have discussed it with him. I think that that will take us off our normal exchanges, because I think that it will be suggesting some ways forward on it. Currently, they are ministerial task forces, so as long as I am happy with them—it is an awful thing to say to you all—but, as long as I am happy and content that they are getting on with the work, the answer is: they are getting on with the work. I know that you want something more than that. However, on the other hand, we also have to understand the purpose of governance. I think that there is an issue on this, because everybody talks about governance. I have been a company director and a trustee of a charity and I do know what governance is and it is not there to make life difficult; it is there to streamline where we should be on issues. I think that the report—you have seen a preliminary copy of it—

[289] **Ms Burke:** I have, yes.

[290] **Edwina Hart:** It is tackling some of these issues and I will be meeting the professor to discuss it. I will be more than happy to circulate that in the new year, together with how I might be implementing those recommendations, which I think will allow you, Chair, dare I say it, to have a further scrutiny session with me about how I take that matter forward. Also, what he suggests on the enterprise zones is starting to colour some of our discussions about the city regions. I know that we are coming on to that later and there are a couple of issues that I want to share with you about the metro and the city regions when we come to that part of the meeting.

13:15

[291] **Rhun ap Iorwerth:** How do you intend to strike a balance between a quantitative and qualitative assessment of enterprise zones?

[292] **Edwina Hart:** That is the issue.

[293] **Rhun ap Iorwerth:** I know that we have disagreements on the quantitative side—

[294] **Edwina Hart:** They are genuine.

[295] **Rhun ap Iorwerth:** We have ideas of what kind of information we need to scrutinise you. How do you strike that balance?

[296] **Edwina Hart:** It is a very difficult balance to strike. If I just went on job numbers, that is just nothing. I need to look at what the jobs are as well—whether they are quality jobs, where they are in the sector and whether they are in relation to the skills that we have in that area. That is the difficult area. Also, how do these enterprise zones help the broader economy and not just their immediate area? Do they have an impact, because there is a site in Ebbw Vale—is that attracting something else in? It is all of those issues.

[297] What we have tried to do is look at the qualitative elements, because they are so different. If you look at some of the enterprise zones where you know that jobs are coming in and they have been successful—you know, we have had all of those Deloitte jobs come into Cardiff—and you compare that to somewhere like Snowdonia; you cannot have a league table and I do not think that you can compare, but the qualitative issues there are about what we are preparing to do and what the enterprise zone board has concentrated on. For instance, it has been doing a lot of work with my officials about the space port issue. I am not sure where that is going to go or what it is going to produce, but it is qualitative work that indicates to me that the enterprise zone is really on top of these issues in terms of what it is doing. Some of the planning that it has done, particularly in what it has wanted to do on the skills agenda locally with the colleges—. In Pembrokeshire, they have been looking at whether they should have a college that will actually teach skills in catering and hospitality, so that they can make the most of the fact that they have a cruise market and people can go to work there. All of these issues are emerging.

[298] When you look at the qualitative work that has been done in Ynys Môn in relation to Energy Island, you realise that the quality aspect is really there. So, it is a very difficult balance to strike and these are some of the areas that are being looked at in that report that I commissioned. As you know, I let you have copies of the last two reports that I commissioned, so I am not hiding anything on it, but I have to make up my mind how I take some of this forward.

[299] **Rhun ap Iorwerth:** Interestingly, on break-downs by enterprise zones, I fully recognise the concerns of enterprise zones and yourselves about the break-down of job figures. There is a strong argument to say that, when you look at the qualitative side, there is a regional or enterprise zone by enterprise zone break-down, because we need to know that their benefit is equal—if not in job numbers, in terms of their impact on the kinds of jobs that we are getting in parts of Wales.

[300] **Ms Burke:** Obviously, we do have the monitoring indicators that you have indicated, which we could class as being the quantitative way that we go about measuring. The longitudinal survey that we did is richer in terms of the information that it provides us, which is more qualitative in nature and helps us to understand a little bit more about the businesses and what impact the zone is having on them. We also publish information that is more illustrative or with more examples of things that we are doing, as a sort of regular update. So, we try to use the mix of information to—

[301] **Edwina Hart:** We also have another stage of the qualitative information that we can—

[302] **Ms Burke:** That is right; the survey.

[303] **Edwina Hart:** The survey. So, there will be another survey under way, so that you will be able to see as a committee how these things are progressing. I do look across to see what is happening elsewhere and nobody else is actually providing some of the data that are requested. I am not being funny about this. We have to understand that, in terms of our enterprise zones, we are competing across our border and sometimes the fact that we are competing means that I do not necessarily want to talk about everything that we have available to offer and what we might have done and might have attracted in specific terms. I think that that is an issue for me.

[304] **Rhun ap Iorwerth:** Right, well, some do—Birmingham has given pretty fine detail of where—

[305] **Edwina Hart:** Yes, we are going to see Birmingham, because the committee suggested it.

[306] **Rhun ap Iorwerth:** I just have one more question on evaluation. You have conducted surveys of businesses within enterprise zones as well—many businesses not knowing that they are within enterprise zones and certainly not all of them thinking that it was beneficial to them. What are your general thoughts on what came out of that evaluation?

[307] **Edwina Hart:** I think that the best example is that we are getting more of a grip on these issues. That is proved by the business rates scheme this time around. As you know, we were very concerned the first time that we ran the scheme that we had on business rates. I think that the committee expressed its concerns about the lack of advertising and people knowing about it. The figures are much better this time on the business rates, which indicates that businesses in the area are getting more of an understanding that there are things available to them. We have figures that I do not think that we have shared with the committee; have we shared them?

[308] **Ms Burke:** They are available on the website, but we could send a note.

[309] **Edwina Hart:** If you would like, we will send it as a note—the specific figures on the business rates. I think that they indicate that we are getting an element of traction on this. This is one of the worries that we have now. You know that we have introduced the Wales economic growth fund into Pembrokeshire as an initiative for Murco; concern was expressed at a meeting this morning about how everyone is going to know about that—never mind the people in the enterprise zone but everyone else. Sometimes they are too busy to go out to look for any information. We had an example. Very kindly, someone said that someone was trying to suggest jobs but they could not find anyone to contact. They had been using a consultant. The fact is that they would have been better off telephoning a Welsh Government office to ask what is going on with these things. I think that that is difficult. I think that, in business, it is sometimes a matter of head down, trying to make money, keeping people in employment, worrying about where you will get your next contract, and they do not think. We have asked them to look specifically at publicity and what they can do. They are making enormous leaps and bounds on that. The publicity, particularly in Cardiff, in terms of the central zone for financial and professional services, I think, is working quite well, judging by the number of leads that we are getting.

[310] **Gwyn R. Price:** We have just touched on competition within zones and the UK. From the look on your face, it is not a full co-operation from certain zones, perhaps, from certain areas. Do we share best practice across the UK and Wales?

[311] **Edwina Hart:** Yes, my officials do look at what is going on in the other enterprise zones. We are going to Birmingham, which we think has some very useful lessons to teach us

in terms of what we are undertaking. All of these enterprise zones—. I think that we also have to establish that we are quite different in how we have done the placing of some of our zones. Our placing of zones has been in some very hard-knock areas. It has not been in the convenient areas. There are some that are in good areas, but some of them have not been in the easy areas. That does make a difference. When you do an analysis with some zones across the border, they are already in areas that people are leaping into, in terms of where they want to be in terms of location. So, I think that we also have to bear that in mind. Perhaps I should have taken an easier option, putting them in easier locations. However, at the end of the day we have a duty to make sure that we do it in some quite difficult locations as well. Who would have thought, unless we had nuclear, how Ynys Môn would have developed? I am not being funny; you know what I mean. If we had not had nuclear power, it would have been a much harder knock than it is currently.

[312] **Rhun ap Iorwerth:** We would have been fine.

[313] **Edwina Hart:** I forgot that it was God's own kingdom.

[314] **Eluned Parrott:** I wanted to pick up on exactly that point. Comparing zone to zone in terms of raw data is very difficult and not necessarily fair, because they are so different in their character. First, I wanted to ask you—because you have selected a varied selection of places to place the zones—what was the basis on which you selected them?

[315] **Edwina Hart:** When I spoke about this in the first instance—and I did speak to my officials and we discussed it—I said that we wanted to have a mix. First of all, I looked at our porous border with England, because I thought that if I was not doing something in north Wales, in Deeside, who would pinch what from me—from that area? So, that was actually the starting point in the discussions about where we would be. We also looked at where we had strengths and where it would be relatively easy to attract; hence Cardiff financial and professional services, because we knew that we could attract there due to the nature of that particular enterprise zone. We also knew that we could not have too many, because you could have one everywhere, and we also knew that, with the whole issue of capital allowances coming along, we would have to designate there.

[316] Then, of course, the next obvious thing for us was the discussion up in Ynys Môn. We are very passionate about the work that we have to do with the port and the links to Ireland, and the fact that, even though it will be Energy Island, there are a lot of other issues within that economy that need to be dealt with. So, that is how we focused on that.

[317] Then, we looked south, at Milford Haven, which we thought was another opportunity in terms of a part of Wales that required more help and assistance. Never mind the fact that there were quite a lot of well-paid jobs in certain industries, the underlying thing is that they did need help and assistance. It was an economy reliant on tourism outside that. Tourism does not pay high wages, and it was a question of whether there was more added value than we could give.

[318] Then, of course, we had the natural asset that we had in St Athan. Of course, the airport also came online there. We thought that we could utilise that land and space very well to attract things in. We also thought that we could do quite a lot in aerospace, because there is a good aerospace industry in Wales. We had British Airways Maintenance, Cardiff there as well; would that help to attract more? So, we took a broad sweep about where we thought that we could do it easily, which is Deeside—and that has been proved; companies come in to Deeside and they are interested in Deeside. Where would it be really difficult? Somewhere like Snowdonia, but we felt that we had an obligation. With nuclear power going, what else was going to go there? What was going to happen to the families there if we did not try to do something there?

[319] So that was the rationale and it was a mixed rationale. I wish that I could say to you that I went, 'This is criteria 1, 2 and 3' and ticked them all. It was quite difficult and, in some ways, you could probably say subjective. However, on the other hand, I do have all the analysis underneath about why it was right to choose those particular zones. I am also very conscious that I should have perhaps looked at Swansea, Llanelli and Newport. I am conscious of that and, in many ways, I think I have tried to rectify that, in a way. On Newport, the Simon Gibson report has really kick-started Newport and what is going to happen in Newport. We supported that report and what Simon Gibson said in his dialogue.

[320] I think as well that the city regions are also helping some areas, where there are not enterprise zones, to call us around the key areas within the city regions. I am not saying that it is perfect, what has been done, in any shape or form, but I do think the enterprise zones themselves feel that they are in the right areas and that they are getting to grips with the issues in those areas. Not everybody can have enterprise zones and not everybody can have capital allowances. The difficult issue for us is going to be people wanting us to extend capital allowances. If I wanted to extend capital allowances I would have to use my own budget, would I not, Tracey?

[321] **Ms Burke:** Yes.

[322] **Edwina Hart:** If somebody can generously give me some more money from the centre, perhaps I will look generously at that. We have to be very careful how we do that. In terms of capital allowances, it is a disappointment to me that nobody is taking up capital allowances. We have been trying to look to see where they have been taken up in England, but it is within HMRC territory, so I do not think that we dug that out. However, on the other hand, my chairs will tell you that it is not all about capital allowances. It is about the rest of the package that you can have. When you go into that capital allowance agenda, you go into state aid, so please do not ask us questions this afternoon about that. We would be happy to do a note about that. It is sometimes either/or in terms of what to do, and you are in a very difficult area. So, I am sorry I cannot give you certainty, like a logic problem by Professor A. J. Ayer, but I cannot.

[323] **Eluned Parrott:** Okay. Thank you; I have got a much clearer picture, I think, of the rationale behind the placement now. With that in mind, it brings questions about how we evaluate the success of those zones on the basis on which they were chosen, because, clearly, if the basis on which they were chosen is different, then the evaluation of them and the description of what success would look like would be different for each of those locations, too. So, comparing them one to another is not necessarily fair, and comparing some of them to enterprise zones in England set up on different bases is not necessarily fair. However, comparing them against, perhaps, a set of targets for what can be expected in each individual zone, or alternatively some form of route map for how you expect development to happen, might be fairer, and fairer in terms of scrutiny for you as well, Minister. So, the question I am asking really is: do you not think that setting individualised targets for enterprise zones is actually going to help not only us to scrutinise you, but you to demonstrate success on the terms for each individual enterprise zone, and stop what has been, I think, a very unhelpful process of comparing apples with pears across Wales and across the UK?

[324] **Edwina Hart:** They set out their plans and what they wanted to achieve. What I could do, if this would be of help and assistance, is to ask the chairs, because I am with them later this month, whether they want to review their plans in terms of what they want to achieve in their enterprise zones. I could then make the plans public and then we could look at how they got towards their plans in terms of regular reports over six months. That would not cause them any problems in terms of what they may or may not share. It would be quite easy, because it would be their specific plans and what they think they can do. We can also put in

them what things they think I should do as well, and we could then, every six months or 12 months, look at them against that. I think that might be quite a compromise and helpful.

[325] **Eluned Parrott:** Indeed, something like benchmarking at different time markers, so that we can—

[326] **Edwina Hart:** Yes. Have we all delivered on the transport that they asked for? Has the college, for instance, done something, because in Ebbw Vale they work very closely with the college on the skills? Has that all been delivered in terms of the skills agenda? Has that course been—? You know what they are. I can see where we are going.

[327] **Eluned Parrott:** Okay. Thank you.

[328] **Joyce Watson:** Following on from the same theme of evaluation, your chairs told us this morning that putting certain values in a tabular form would only create a league table and that league table, they felt, would do more harm than good in terms of attracting any investment into those areas from outside or from within. I suppose that my question is: do you agree with that? Do you want to add anything further to those comments?

13:30

[329] **Edwina Hart:** I concur with my chairs' comments. This has been a point of some discussion and dilemma. They are not secretive individuals and neither are their boards, but they want to try to protect everything so that they can get the best deal and get on. However, I think that what we have now discussed, about how we can look at their plans and have strategic things against those, I think that might help to give greater clarity. That is something that they might be very content with. They do not want a league table; as Eluned Parrott said, they are so different. How do you put them in a league table? You cannot put Snowdonia in with Deeside. There is no comparison. You just cannot do it, and that is what they had been very worried about. I think that the fact that you have taken evidence from them this morning has given you clarity about their worries and their understanding of what they feel they are doing. I think that that has been very helpful, if that is the case, and I will work on what I have suggested and report back to the Chair and the committee in the new year.

[330] **Joyce Watson:** Following on from that, Minister—you did touch on this—one of the barriers or potential barriers could be planning. You did touch on that. Do you feel that any action is needed by the Welsh Government or maybe local authorities or both to assist with the removal of those barriers?

[331] **Edwina Hart:** I am very pleased about the new Planning (Wales) Bill, and we have had quite close consultation with the department on that. The Minister for Natural Resources is hopefully going to meet the enterprise zone chairs to discuss at first hand what concerns they have. Sometimes, things are anecdotal rather than real, but then we know that some things are real. I think that, generally, it is about adhering to timescales. That is an issue that the chairs are concerned about. If you are intending to give planning permission, can you say when and where? We do not want delays on anything, if you see what I mean. That is the issue. Some local authorities are very good, some are not. However, we have been doing quite a lot of work looking at what local planning authorities can do. We have had roadshows and everything to help with that. So, I think that we will have a final discussion now with the Minister concerned and I am sure that he will do everything he can to help the chairs in that area.

[332] **Joyce Watson:** Following on from that, part of the planning might be around infrastructure projects that sit within your department, particularly transport, with the planning decisions being within another Minister's portfolio. Would you like to make a

comment about those close working relationships your departments might have in working together towards resolving or coming to early resolutions on something like that example? Of course, I am thinking here particularly of the A40.

[333] **Edwina Hart:** Yes. I have to say that most people are very welcoming of any sort of further work on the A40 in west Wales. I do not know whether I have had an adverse comment at all about it. I know that the local authority is very keen on it as well and individuals are already happy with the improvements that have occurred on that road.

[334] **Joyce Watson:** Indeed.

[335] **Edwina Hart:** I think that the problem is that, if you do anything in terms of industry, there are people who do not want anything in terms of infrastructure. That is always difficult. However, I think that we have to recognise people's rights on this agenda and the process that we are going through. I think that what irritates companies more than anything, not necessarily my chairs, is that they are thinking of going in a direction of travel and somebody pops up from somewhere and raises something at quite the last minute in terms of how it is going to impact on their business plan. So, we have also taken the opportunity recently to raise issues directly with Natural Resources Wales about how a helpful approach is much more appreciated and the fact that there need to be earlier discussions on issues before we end up between a rock and a hard place. So, you are right that it is a difficult area, but we have close relationships at official level and I know that the Minister responsible for planning is very keen on economic development.

[336] **Joyce Watson:** Thank you.

[337] **William Graham:** Eluned, were you going to ask about enhanced capital allowances?

[338] **Eluned Parrott:** I think that that has been covered, Chair.

[339] **William Graham:** Thank you very much. Joyce, were you going to make a start on city regions?

[340] **Joyce Watson:** Yes, I was indeed; thank you, Chair. I would like your view, Minister, on the progress made since the initial task and finish group report was published in July 2012 on Welsh city regions.

[341] **Edwina Hart:** I think that we have made good progress. The trouble is that everybody expects progress to gallop along, but, sometimes, little incremental steps are the best way of dealing with it. When I look at the two city regions—and if I look at the one run by Roger Lewis, who was before you this morning, I think that it is absolutely amazing that the local authorities are signed up to the city region in the way that they are, as is the fact that that they are working together, think that it is a good idea and have signed up to all the issues around the metro, which we are coming to later. They have confidence there. We have had enormous business support there and people being prepared to act. Roger has brought a wealth of experience and an ability to bring people together that we think has been absolutely first class. However, it is now time to move that forward, and when I talk later about the metro, I will speak about how, strategically, we will deal with that in the context of that city region.

[342] Sir Terry has been like a whirlwind and a breath of fresh air down in the other city region. They have really started to concentrate on their plans. They know what they are doing in both city regions and where their priorities are, and it has been very interesting to see them develop so quickly in south-west Wales when they are looking at the challenges for

infrastructure with broadband and mobile, how they see that as being their priority agenda, because they recognise that they might have Swansea and Neath Port Talbot, but they have a massive rural hinterland, in which we have to start to encourage people to work and live, but we cannot do it unless they have the tools to work and live within that area. They have come to that, and I am sure that the committee will really like that they have taken an interest in the tidal lagoon and wind power. They have really taken a focus on that, and there is talk down there that perhaps there should be more ambitious projects on tidal power, and perhaps we should be looking to have more ambition as a nation about what we can develop in this area. So, I think that there has been progress made, but it has been a question, to be honest with you, of building a lot of trust, because I have the Loughor running through the city region. We all know about the rivalry between the Ospreys and the Scarlets, so you can imagine what it is like at other levels to try to get a consensus about things, but that is what I think that the chairs are starting to get, and I think that that has been really good from our point of view. So, we think that they have made genuine progress.

[343] However, they now have to go to the next stage, have they not? The Cardiff city region is developing its brand. Of course, it has a capital city in it, and that starts to make life quite interesting, because there is all this talk about city deals, what city deals mean and how that would impact on Cardiff. People have got to be aware that what goes on in England will not necessarily go on here. If you look at the city deal in the context of Glasgow, money from the local authorities was put in, there was money from the Scottish Government and money from the UK Government, and it was quite clear what it was being put in for as well. So, Jane Hutt has already taken up this discussion with the Chancellor and Danny Alexander, whom she meets regularly, to see what resources might be available to Wales in terms of what we could undertake, but that would have to be for the benefit of the city region as well, as it is in Scotland, where it is for the benefit of Glasgow and the greater Glasgow region. So, we have not allowed any moss to gather under our shoes, as it were, on this. We are on the case on that.

[344] Also, I have an issue, which you will all get in your postbags, which is that I have local government reorganisation going at the same time as city regions. I do not think that it matters, because I think that it is really interesting that I have city regions that are combining local authorities and industry, which are working quite happily together, and there is local government reorganisation going on. So, I do not think that that impacts on me adversely. In fact, I think that the fact that they work together like that as a city region should encourage them to think of what future further working they could have on local government reorganisation, because some of the projects that are emerging are too large for one authority. There are even too large for Cardiff as a local authority, sometimes, and you have to understand, in terms of what we are looking at, that these authorities and these regions are small compared with other regions in the UK. Manchester is a massive region with a long history of doing it. We are new to it. If you look at the European regions, they are vast and they have been doing it for 30 or 40 years. So, I think that we have made progress. Like you, I would like to be able to go, 'Here's 10 points that we've done. Aren't I a good girl? Here's the next town.' We are not quite there, but we are almost there when it comes to getting some clarity on some issues, particularly on transport.

[345] **Joyce Watson:** Minister, you have talked about relationship building and partnership building, and we heard all of that from the chair this morning, and it is really good, but could you tell us where the overall responsibility for decision making and the delivery of the city region policy sits now, and where you see it sitting in the future?

[346] **Edwina Hart:** It is an advisory body at the moment, so, obviously, decisions eventually end up on my desk with recommendations. Ideally, I think that all decisions would have to be informed by Government policy in the city region—the local audiences, higher education and all of them, have to be signed, I think, to any decision-making process. They

work well at the moment, the relationships between Ministers and officials. However, I do think that we are going to have to look at an independent element of working for the city regions. We might have to look at budgets and we might have to look at how those will be formed. When I look at some of the issues around transport, which I will be resolving within the next week or so, it will allow city regions probably to have a better idea.

[347] We have had work on their structures. Professor Kevin Morgan did quite a lot, and there have been discussions, which are much easier with four authorities, about how you can give independence and what you do, than having all of those. However, I will be absolutely frank here in committee: I want to do more, but incomplete local government reorganisation will perhaps not let me do too much yet. I have to get that balance. I am not sure, to be perfectly frank, that I am. I feel that it works well at the moment. If I sort some of the transport stuff, they get their plans done and then I think that I might be able to move a further step. I would like to give them something more, but we are a very small nation. How many more layers do you give? That is also an issue that I grapple with.

[348] **Joyce Watson:** Finally from me, we have heard about the development of strategic plans and what they might contain—we certainly heard about 10 points in Cardiff this morning. Is there a time frame for the development of those plans?

[349] **Edwina Hart:** The economic plan has been endorsed by the city region in Swansea, and you are more than welcome to have a copy of the paperwork on that. It has endorsed that. Cardiff is about to endorse it in January, in the new year, I think, and the committee is more than welcome to have a copy. That will set the strategic direction for them in terms of what they want to do.

[350] **William Graham:** Eluned is next.

[351] **Eluned Parrott:** Thank you, Chair. I just want to come back to the question of governance. I know that someone will take that further in a second, but both you and one of your city region chairs have told us that you are rising above local government reorganisation and we must not let it slow us down, but you have just said that the governance structure for those city regions is being complicated by that reorganisation and while it is ongoing you perhaps feel encumbered in terms of how powers might be devolved to those regions. So, which is it? Is local government reorganisation causing problems, or is it not?

[352] **Edwina Hart:** I think it causes problems inside here, for me. I am well aware that, in local government, people are thinking about their own positions. I am not sure that, when people think about their own positions, they work towards the whole and the whole good. We are all individuals, and I think that we all understand that. It should not make a difference because, in the city region, they work collaboratively across boundaries and have done so quite well. The issue is really around powers. I am not sure what is going to happen after local government reorganisation, and where things are going to be and lurk. In terms of powers, there is an issue about powers. I think that we are getting ahead of ourselves if we are talking about giving powers to the city region at this moment in time, because they are still fairly embryonic—they are just about to agree their strategic plans—but I do not rule out powers in the future. So, part of me would like to see where local government reorganisation is going. I think that the fact that the Vale of Glamorgan and Bridgend have indicated that they are going together gives me certainty of where Bridgend would be in terms of the city region—that it will not be a westward option and will not upset anything on those grounds. So, if I am honest, I do think about it and it worries me a little, but it has not stopped them from working as a city region as yet. I do not think that it will stop me looking in the long term, if these matters are not resolved, at what powers I will give to the city region, but I have to think carefully about the context of it all. I am sorry if that is not a particularly helpful answer, but it is actually a dilemma.

[353] **Eluned Parrott:** I understand. I think that, if you look at other regions within the UK—if you look at Manchester, for example, or the west midlands—they have existed over a period of time that has included churn in terms of local government reorganisation or the devolution of powers to directly elected mayors, for example, without that having an impact. However, the difference there is that there is a statutory underpinning to the governance structure there that has allowed them to survive despite reorganisation and despite changes of political colour. Are you going to give our city regions that kind of statutory underpinning to make sure they last the distance that they need to?

13:45

[354] **Edwina Hart:** I may do and it is something that I will look at. However, I think they are still at quite an embryonic stage.

[355] **William Graham:** Jeff is next.

[356] **Jeff Cuthbert:** Thank you. We do not need to go back into the issue of powers; I think that that has just been dealt with. On governance arrangements, do you feel comfortable that the current governance arrangements are clear enough, or are you looking for changes or improvements? On the future policy areas that may be administered by city regions, how might that compare with other parts of the UK? Should city regions have a more radically decentralised approach? Finally on the issue of funding, at a time of austerity, which is undoubtedly going to continue for the foreseeable future, how well do you think the Welsh Government is able to fund city regions, and has any work being done on the issue of co-financing?

[357] **Edwina Hart:** In terms of the issues around governance, I am content with the governance arrangements because they are my boards. I appreciate that others may not be content with the governance arrangements, particularly because they are my boards, and I do understand that. However, I will be absolutely frank with you; I do think it works well at the moment, but, as the boards develop, we will have to look at issues about how they are likely to work.

[358] On a decentralised approach, I think we need to go back to go to Elizabeth's original report when she looked at some of the issues around this regarding partnership and the Welsh Government being an enabler. She said that, without that type of relationship, these boards would not work.

[359] Currently, the funding is about resourcing from the centre. We will have to have discussions with local government about resourcing and funding. Further education and higher education, particularly higher education, have helped in terms of what they have put in, particularly in the Cardiff city region. We have to look towards our partners, because there is no doubt that it is going to be very harsh in terms of finding extra strands of money as it goes on.

[360] We are also looking at finance from the private sector, which I think may well be forthcoming, and EU funding, where appropriate, which we think will be forthcoming. We are also looking at sovereign wealth funds in terms of large projects. That is an area that we are keen to explore. There is quite a lot of money out in the world that might well be available for large-scale investments within the city region areas, and that is something that we are certainly doing some work on.

[361] I probably have not given the committee the answer that it wanted on governance, but that is my answer.

[362] **William Graham:** If we might move on towards discussion of the south Wales metro, Minister, what, in general terms, is your approach to transport policy? More particularly, we heard today from the Manchester transport authority about the integration of transport.

[363] **Edwina Hart:** May I begin by thanking you, Chair, and members of the committee, for your very good support for the concept of the metro project, which I think is enormously exciting? We do see it as being an integrated project; it is not just about rail—it is about buses, it is about hubs and it is about doing quite a lot; it could be about trams, so it is good. We have made a decision—this goes back to the electrification and Valleys agenda, if I may. I do intend to go for a not-for-dividend model in the future when we have the powers devolved to us; work will commence on that. We are likely to establish an arm's-length company, and eventually the metro will become a subsidiary of that company.

[364] However, we have already started work on the metro in terms of developing a company that can take the strategic development of the metro forward. I will be making a statement next week, so I am sharing this with you today. As far as we are concerned, this company will be private sector-led in terms of the businesses that we want to look at. It will look at all issues, will it not, James, around European funding and all the areas that are required, where we need to have the integration between bus and rail, and it will look at all the timescales? I will ask James to come in on that.

[365] The city region will then be responsible for liaising with local authorities for them to have an input into where they think the station hubs and all this should be, what land then becomes available to do things to enhance economic development and also what we are going to do about the broader issues around planning in the city region, because we do need a link-up between the local development plans of each local authority in the city region to cover some of these areas. Do you want to take the committee through where our thought processes are on this? This has not quite been finalised, but I think that this is opportune, as we are going into recess, for you to understand where we are going.

[366] **Mr Price:** I can, Minister. I think that you just gave a really good high-level overview, anyway. Any detail that I give now is subject to change as things evolve. Clearly, what we now do on the metro is much more set in some kind of stone than it was before, because we have clarity of where we are with the next rail franchise, clarity with where we are with the end of this rail franchise, so we can manage the end of the rail franchise to suit what we want to do, and clarity, certainly, on the funding of a modernisation and electrification programme for the Valleys line network. All of that means that there is a huge amount of work that we now need to mobilise and get going. Our simple conclusion is that the teams and resources that we have in the Welsh Government currently are not sufficient to be able to do that.

[367] A traditional Government approach would be simply to go out with a consultancy contract to deliver all of that and, just for a rail franchise, those contracts are typically between £10 million and £15 million. So, our conclusion is that we do not want to do that. What we actually want to do, given the Minister's and Government's wish to go for a not-for-dividend model, is to set up a shell company now that will enable us to bring resources into the Welsh Government and into a kind of joint project team between the city region and the Welsh Government to start to specify both the franchise—and when I say 'franchise', I mean the wider transport networks, including buses and everything else—and re-specify the new modernised Valleys line network. What we will not do is pick up the exact same project that was there before, which was never our project anyway, and deliver that. We need to re-specify all of that.

[368] As the Minister said, the intention is that an announcement will be made next week and we get it up and running almost immediately. I imagine that we will start to bring resources in in the new year and, alongside that, there will be a strategic advisory board made up, hopefully, of really senior transport executives at a UK or European level, so this will not be about having—. This is not belittling anyone, but we want to get the very best people we can involved in this process. Initially, they will not be formally tied into the process of running a company, because we do not think that that is necessary and a lot of individuals have said that they are prepared to give time in the strategic advisory role, but they do not want to be tied into commercial activities at this stage. As things evolve, they will have to be brought into the board of the company as well.

[369] **Edwina Hart:** This is where our initial thinking is, because I think that this is the only way that we can take this forward with any degree of certainty. Also, we are, of course, now involved in specifying the next Welsh franchise; we will be involved in any extension of any franchise and we have to ensure that we get good value for money on some of these issues, which we do not think we are getting currently in some of the ways that rail is being managed. If you want to talk about rail, we are more than happy to come back on it, because we have serious reservations about Network Rail and its ability to deliver and the cost overruns that are going on elsewhere, within a Welsh context.

[370] However, in terms of the metro, there are whole issues around bus, rapid transit, tram and light rail; these are all issues that have to be dealt with. We have the very helpful report and now that we have the clarity of devolution of powers and everything, we are going in the right direction and able to do the work. I would be more than happy, Chair, as this develops, to come back for further scrutiny on this particular agenda, as our thoughts develop. I will be putting a brief statement out next week, but the devil will be in the detail. I hope very much that the committee understands that we want to do this as professionally as possible and we think that this is the vehicle that will allow us to do so and to manage it in a cost-efficient way.

[371] I am determined that, when we go to the full issue on the franchise, we are prepared for a not-for-dividend company to be established. I think that that is very popular in terms of people's perception. To be honest with you, nationalisation of the railways is probably what the public would like in very real terms. That gift is not with me, but we can, as a Government, with, I hope, support from the parties around the table here—particularly because I know that everybody is worried about rail—get something that will be really good in terms of how we take this particular work forward.

[372] **William Graham:** We have a session on 4 February on franchising.

[373] **Edwina Hart:** That will be very opportune.

[374] **Eluned Parrott:** I am just wondering, because the first question that springs to my mind, given the close nature of the relationship between the city region board and the development of the metro, is whether that means that you are going to be breaking the Welsh franchise into two parts, which is the metro part and then the rest of Wales.

[375] **Edwina Hart:** No. It is the work that we will be doing. It is just the way that we will do the work. That is all.

[376] **Eluned Parrott:** So, in terms of governance and the delivery of that, are we looking at giving, essentially, transport authority powers to the city region?

[377] **Edwina Hart:** No, we will be looking for a company to be established to deliver the franchise arrangements across Wales, as I have outlined. Probably then that will also deal

with the metro. We have not finalised the decisions on this. We have to finalise the metro. There will be an arm's-length arrangement. It is quite clear what the city region will do and what that company will do.

[378] **Eluned Parrott:** One immediate concern that would spring to my mind is that, clearly, there needs to be a very close relationship—

[379] **Edwina Hart:** Yes.

[380] **Eluned Parrott:** —in terms of delivery with the city region board, the metro delivery and the franchise, and that that, in itself, does not lead to a bias in terms of the focus for funding investment, and just really thought into south-east Wales and to drag services out of other parts of Wales too. How are we going to balance the power, if you like, of the city region and the metro against the needs of rural Wales, and of course the north Wales corridor too?

[381] **Edwina Hart:** Yes, that was a concern of ours. We thought very carefully about how this would work. However, we do think that we need an arm's-length vehicle to deliver the metro, because we do not think that the metro can be—. The metro is very interesting and can take up a lot of hours and a lot of discussion in a lot of committees, but at the end of the day, someone has to have on the table what the system will look like, where it will be, how it will be delivered, and how it will be funded. I think that that is best done by quite a small grouping and a company. They will have to deliver a project that will take us 20 years by the time that we go up to the Severn bridge in terms of what we are going to undertake. We think that this is a solid model. We also think that if that model starts to work well, which we think it will, we then look at what model we place with the franchise. I am very conscious that the reason why I want devolved powers—and I wanted to have control of this—was to ensure equity on provision across Wales. We have quite a battle on our hands to deal with the electrification on the north Wales line in terms of the business case and what can be done, because when you look at escalating budgets and costs of rail programmes you can imagine that we have to be quite solid on that. I also have to be very consistent in my views about west Wales, where we need enhanced services, and Powys, where we have done service enhancements. What we think is that, when we have control and we know where the money is to be spent, we can do it. We do have concerns about the way money is being spent.

[382] We are having discussions now about issues with Network Rail in north Wales in terms of improving the lines where we cannot get clarity, certainty or understanding of what is going on. Of course, we do have the issue of the £10 million that we have allocated to projects up there, but I need to be certain about where that money is, and that what I have been saying is correct.

[383] We only have to look, as well, at Network Rail in terms of how tardy it has been in finishing certain projects. Look at Cardiff and the signalling in all of this. We have to be quite clear that we have people there who can really take on what is going on there, put in challenge and, at the at the end of the day, perhaps be prepared to put in contestability and not use what is effectively a public company now—Network Rail. We might have to choose others to undertake some of the work for us. James is the expert in this field—not me—so, I hope that I have not said anything wrong, James.

[384] **Mr Price:** No.

[385] **Edwina Hart:** I feel quite strongly about this. I feel strongly that we are in the west and out of the way, but our money, I think, is as good as anyone else's money, and we should have value for it. I think that these types of mechanisms now will give us that. May I say quite openly, Chair, that I am more than prepared to meet if Members who have an interest in this

around the table want to have any individual meetings with me and the director to bring forward ideas? This is not a closed book. This is the direction of travel, which I hope will generally find favour, but the devil will be in the detail.

[386] **Mr Price:** If I might say something, Minister, on one thing. I think that one of the reasons why we have said that we would create one wholly-owned subsidiary company to take the franchise forward, and the metro, is for exactly the reason that you have just mentioned. The metro should not be seen as this separate thing, which is bidding for funding outside of everyone else, because what would happen is that that would tend to be fed. It is part of an integrated transport system for the whole of Wales, and not just about south-east Wales.

14:00

[387] **Eluned Parrott:** I have just one further question in terms of timeliness. Clearly, we are running out of time in terms of the current Wales and borders franchise. The powers have very recently been announced and I am sure that there is a lot of discussion ongoing in terms of what that actually means. How confident are you that your not-for-dividend company will be ready to take up that franchise when the current one ends, or are you looking to extend the current franchise to allow you some breathing room to develop it?

[388] **Edwina Hart:** We will probably look at an extension.

[389] **Mr Price:** Again, I think that it is quite complicated. There are a number of different things that we could do. We potentially could extend, or we could potentially do something that they call a direct award, which allows more flexibility than an extension, so you would try to negotiate some changes that you would want to see through the contract, rather than just extend what you have. We may want to extend anyway, because the one thing that you do not want to do, which we have talked about before, is to have a new franchise, or a new operating model—because it might not be a franchise—at the same time as the new electrified track comes on-stream.

[390] **Eluned Parrott:** As well as new rolling stock.

[391] **Mr Price:** Absolutely. Then there is the issue of powers as well.

[392] **Edwina Hart:** Yes. In 2017.

[393] **Mr Price:** We get the powers in 2017.

[394] **Edwina Hart:** We need the rail infrastructure powers, which Silk has also mentioned. We might, to make this effective, need changes to be made to the Railways Act 2005 as well. There are quite a lot of issues on this.

[395] **Rhun ap Iorwerth:** Chair, if you want to bring us back on to the metro specifically, that is fine, but I will carry on until I am stopped.

[396] **William Graham:** What about the national transport plan?

[397] **Edwina Hart:** Oh, yes; I am happy to talk about that.

[398] **Rhun ap Iorwerth:** If I could just ask, on the not-for-dividend and arm's-length model, Scotland wanted it but decided that it was not possible, so what have you learned from its experience that makes you believe that it is going to be deliverable here?

[399] **Edwina Hart:** We feel that insufficient work has been done in the round all across the UK to look at these models. Everybody has talked about it, but I do not think that enough work has been done on it. We are actually committed to doing all the proper work on this and this is where we are aiming to be. If, for any reason, we cannot get there and it is impossible, I would tell you. However, our intention is to make this workable, because we think it is workable. Do you not think so, James?

[400] **Mr Price:** To do a full model, you are right, the Railways Act does not allow it currently, and the changes that Scotland has asked for, while on the face of it imply it could do it, talk about a bid process, so it has kind of ruled it out for itself. I do not think that it has ruled it out because it is not possible; I think that it decided that it does not want to do it. Now, there are several workarounds within the existing legislation that could get us almost there, and I think the political view is that, given the length of time that it has to run before we get to that point, the ideal position would be for the Railways Act to be amended, and if it cannot be, then there is a number of other solutions.

[401] **Rhun ap Iorwerth:** Would I be right in thinking also that the timing is useful to us in Wales in that, if I remember rightly, the one reason given by Scotland for not going down this path is that it could not find the vehicle. Your decision to actually set up the shell company now means you have that vehicle and have time to—

[402] **Edwina Hart:** I have the vehicle to start it off. Also, I think that we have to recognise that we have had quite an honest discussion here with you today, and an honest discussion within the department with officials. We know what we have to do. We know that there will be a general election coming and I am fairly certain that we could lobby whoever is in power to make changes to the Railways Act.

[403] **Jeff Cuthbert:** Could we talk a bit more generally, Chair, about the national transport plan?

[404] **William Graham:** Please do.

[405] **Jeff Cuthbert:** When we met with the representatives of the Cardiff and Swansea city regions, both of them went out of their way to talk about the importance of Cardiff Airport. They both viewed it as their airport and stressed the essential need for Wales to have an international airport. Is there anything further that you would like to comment on in that regard?

[406] **Edwina Hart:** I think that matters are progressing well in terms of the airport. Both city regions regard it as being very important. They would obviously both like to see further flights out of it to encourage business and development, which I think is the norm. I am quite content with how matters are going, broadly, in what is going on at the airport in terms of the development. We have given it a loan, as you know, for further investment into routes and everything, which we hope will bear fruit. The important thing is that they are making very good efforts, I think, to change the way the airport looks, the quality of service and everything. What we could do with, of course, are more flights.

[407] **William Graham:** On the national transport plan itself, Minister, when do you think—

[408] **Edwina Hart:** Yes. The city region boards are considering and will be writing back to me. The national transport plan, I think, I am about to sign—

[409] **Mr Price:** Before Christmas.

[410] **Edwina Hart:** —before Christmas. So, you will have the opportunity to read it on Christmas Day and Boxing Day, if you do not want to enjoy any festivities at all. You can let me have your view on it. *[Laughter.]*

[411] **William Graham:** Essential reading, I am sure; yes.

[412] **Edwina Hart:** It is obviously a consultation document. However, I will also be making some other transport announcements next week in relation to Safe Routes to School and the allocation of resources to sort some of the safe routes out on the trunk road network.

[413] **William Graham:** Rhun, did you have questions?

[414] **Rhun ap Iorwerth:** No, not in particular.

[415] **Edwina Hart:** I hope, Chair, that you did not mind us bringing that issue—

[416] **William Graham:** Not at all.

[417] **Edwina Hart:** I thought that, as I am likely to issue a written statement, it is more courteous to indicate the direction of travel here and obviously then come back for scrutiny in February.

[418] **William Graham:** That is immensely helpful. Thank you very much, Minister for your—. Sorry, one second, Eluned, did you have a quick question?

[419] **Eluned Parrott:** We did have a little time left, I think.

[420] **William Graham:** Yes, by all means.

[421] **Eluned Parrott:** I just wanted to ask a question with regard to the metro. We have focused very much on rail and how the rail franchise works with the metro proposals—

[422] **Edwina Hart:** And buses—

[423] **Eluned Parrott:** Yes, absolutely. I want to ask about buses and, indeed, the opportunity to look at other forms of transport and how active travel, for example, is going to be incorporated in the metro proposals and whether any expansion into things like light rail and tram routes are being actively considered.

[424] **Edwina Hart:** The answer is ‘yes’. Tram routes are certainly something that we will be looking at as part of this work. Light rail is also an area that we need to look at. I think that people need to recognise the opportunities of light rail, actually. We will also be looking at active travel. I am looking at exciting opportunities regarding electric bicycles and links and various things and also looking at whether we should be closing some cities down in the middle—whether we should have a more ambitious plan in terms of active travel and routes.

[425] **Eluned Parrott:** In terms of bus routes in particular, obviously, being able to connect the city regions to their hinterlands, effectively, is very difficult. Buses are, in many cases, the most cost-effective and certainly the most popular way of linking towns together. What kind of investment are you making in looking at the issue of bus routes and particularly connecting market towns together through the bus routes?

[426] **Edwina Hart:** In terms of bus routes, we have the group that is being led by Victoria Winckler, who is looking at all the issues around buses, routes and everything across Wales, not just within that context. I think that there will have to be a specific strand of work in the

metro discussions about it, because sometimes routes go west to east and do not go north to south. There is an absurdity about some of these things. However, these are matters that, once we establish the metro group and everything has been integrated into that with Victoria Winckler's work, I will be more than happy, once that work is completed, to attend here.

[427] **Eluned Parrott:** In terms of how bus routes within the metro system are going to be planned and managed, I am wondering whether you are anticipating giving the company that is running the metro the role or responsibility or power to design the bus network and to design the franchise arrangements for that.

[428] **Edwina Hart:** We may well be looking at that.

[429] **Mr Price:** If I can just raise one issue that I thought might have been asked on the back of that, namely reregulation, we do not have the powers for that yet. Again, there are a number of work-arounds for that, but that might be something that is very desirable.

[430] **Edwina Hart:** Exceptionally desirable.

[431] **Eluned Parrott:** Indeed.

[432] **William Graham:** I have a final question, Minister. Are you confident that the package that you have now agreed with the UK Government will give you the funding and the powers to enable your vision to proceed?

[433] **Edwina Hart:** Yes. We are very pleased with the package that we have had from UK Government. We were very pleased with the engagement that we had with the UK Secretary of State for Transport, Patrick McLoughlin. My officials have also had good engagement and there is an understanding of the way forward. I am very pleased about that, because I think that it will benefit people in Wales.

[434] **William Graham:** Thank you very much, Minister, and to your officials this afternoon. We are most grateful for your attendance. Thank you very much.

[435] That brings our meeting to a close. Thank you very much for your attendance.

*Daeth y cyfarfod i ben am 14:10.
The meeting ended at 14:10.*