

## **Agenda – Economy, Infrastructure and Skills Committee**

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Meeting Venue:

Conference via Zoom

Meeting date: 16 September 2020

Meeting time: 09.15

For further information contact:

**Robert Donovan**

Committee Clerk

0300 200 6565

[SeneddEIS@senedd.wales](mailto:SeneddEIS@senedd.wales)

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In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on [www.senedd.tv](http://www.senedd.tv)

### **Private pre-meeting (09.15–09.45)**

#### **1 Introductions, apologies, substitutions and declarations of interest**

(09.45)

#### **2 Paper(s) to note**

(09.45)

##### **2.1 Letter from the Minister for Economy, Transport and North Wales Re: Withdrawal of Bus Services (Wales) Bill**

(Page 1)

Attached Documents:

EIS(5)–16–20 – Paper to note 1



**Senedd Cymru  
Welsh Parliament**

**2.2 Letter from the Chair Finance Committee Re: Welsh Government's Draft Budget 2021–22**

(Pages 2 – 4)

Attached Documents:

EIS(5)–16–20 – Paper to note 2

**2.3 Letter from the Minister for Economy, Transport and North Wales Re: Evidence taken on the 18 June Committee Meeting**

(Pages 5 – 9)

Attached Documents:

EIS(5)–16–20 – Paper to note 3

**2.4 Letter from the Minister for Economy, Transport and North Wales Re: Follow up action 11 May meeting**

(Pages 10 – 14)

Attached Documents:

EIS(5)–16–20 – Paper to note 4

**2.5 Letter from the Minister for Economy, Transport and North Wales Re: Further information following 16 July meeting**

(Pages 15 – 20)

Attached Documents:

EIS(5)–16–20 – Paper to note 5

**3 Covid–19: Recovery – Academics**

(09.45–10.45)

(Pages 21 – 35)

Professor Dylan Jones–Evans, Assistant Pro Vice Chancellor, University of South Wales

Professor Andrew Henley, Director of Research Engagement and Impact,  
Cardiff University

Professor Gillian Bristow, Professor in Economic Geography, Cardiff University

Attached Documents:

EIS(5)–16–20 – Research Briefing

## **Break (10.45–10.55)**

### **4 Covid–19: Recovery – Think Tanks**

(10.55–11.55)

Dr Victoria Winckler, Director Bevan Foundation

David Hagendyk, Director for Wales, Learning and Work Institute

### **5 Motion under Standing Order 17.42(xi) to resolve to exclude the public from the remainder of the meeting**

(11.55)

### **6 Private**

(11.55–12.15)

COVID–19: Consideration of evidence following the meeting

Eich cyf/Your ref  
Ein cyf/Our ref

Elin Jones, MS  
Llywydd  
Senedd Cymru  
Cardiff Bay  
CF99 1SN

15 July 2020

Dear Elin

### **Withdrawal of Bus Services (Wales) Bill**

I am writing to notify you that I am withdrawing the Bus Services (Wales) Bill in accordance with Standing Order 26.79. I am most grateful for your considered assessment of this legislation and your determination before its introduction. However the challenges the Government is facing in delivering its legislative programme because of Covid-19 and EU transition, compounded by the impact of the pandemic on the bus industry, mean that the First Minister and I have agreed to withdraw the Bill. The First Minister will confirm this decision in his statement on the Legislative Programme later today.

I am copying this letter to Russell George MS, Chair of the Economy, Infrastructure and Skills Committee, Sian Wilkins, Head of Chamber and Committee Services, Julian Luke, Head of Policy and Legislation Committee Service and Owain Roberts, Head of Table Office.

Yours sincerely



**Ken Skates AS/MS**  
Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru  
Minister for Economy, Transport and North Wales

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

# Agenda Item 2.2

Senedd Cymru

Welsh Parliament

Welsh Parliament

**Finance Committee**

Chair, Children, Young People and Education Committee  
Chair, Climate Change, Environment and Rural Affairs Committee  
Chair, Culture, Welsh Language and Communications Committee  
Chair, Economy, Infrastructure and Skills Committee  
Chair, Equality, Local Government and Communities Committee  
Chair, External Affairs and Additional Legislation Committee  
Chair, Health, Social Care and Sport Committee

22 July 2020

## Welsh Government's Draft Budget 2021-22

Dear Committee Chairs

Further to the Finance Committee debate on the Welsh Government's spending priorities for 2021-22 on 15 July 2020, I am writing to all Chairs of subject committees to share our thinking, and to encourage your committees to consider how you can contribute to delivering the most coherent and effective scrutiny of the Welsh Government's spending plans.

### Budget focus

The Finance Committee has agreed to continue the approach followed in previous years, whereby budget scrutiny is centred on the four principles of financial scrutiny: affordability, prioritisation, value for money and process. The principles are:

- **Affordability** - to look at the big picture of total revenue and expenditure, and whether these are appropriately balanced;
- **Prioritisation** - whether the division of allocations between different sectors/programmes is justifiable and coherent;
- **Value for money** - essentially, are public bodies spending their allocations well – economy, efficiency and effectiveness (i.e.) outcomes; and
- **Budget processes** - are they effective and accessible and whether there is integration between corporate and service planning and performance and financial management.



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I wrote to you on 1 June 2020, to notify you that given the current social restrictions we would not be holding our annual stakeholder event. Instead we undertook online engagement using Twitter polls and questions asking the public to suggest areas that should be prioritised. A summary of responses is available. Whilst the engagement exercise was limited in scope this year, as the sample was self-selecting and not based on a representative sample of the population, it did provide an interesting snap shot of views and these were highlighted during the Priorities Spending debate on 15 July 2020. I am pleased to confirm that the Business Committee and Minister for Finance and Trefydd have agreed that this type of debate should be held annually and I am grateful to the Members that contributed to the debate.

The 2021-22 Draft Budget will undoubtedly be impacted by the recovery from the Covid-19 pandemic and the end of the Brexit transition period. In addition, from our engagement work and the contributions made during the priorities debate, we have identified a number of areas which we would like to see the focus of the scrutiny, these are:

- *How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised;*
- *To what extent alleviating climate change should be prioritised in supporting economic recovery;*
- *Welsh Government policies to reduce poverty and gender inequality;*
- *Approach to preventative spending and how is this represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early);*
- *Sustainability of public services, innovation and service transformation;*
- *How evidence is driving Welsh Government priority setting and budget allocations;*
- *How the Welsh Government should use taxation powers and borrowing;*
- *Support for businesses. economic growth and agriculture after EU transition ends;*
- *What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act).*

We would encourage you to use some of these areas as the focus for your budget scrutiny.

### **Timetable**

The Welsh Government's draft budget is usually published in October. However, this year it will be delayed as the Welsh Government does not have an indication of the total funding available until the UK Government publish a Budget or Comprehensive Spending Review. The Minister for Finance and Trefnydd has written to the Business Committee and in order to comply with Standing Order 20, has indicated that the Welsh Government will publish the outline and detailed draft Budgets together on 8 December 2020, and the final Budget on 2 March 2021. However, the Minister has said she will provide a firm timetable as soon as possible after the UK Government has made an announcement regarding its Budget



## Draft budget consultation

Based on the timetable proposed by the Minister, the Finance Committee intends to consult slightly later this year in September/October. As has been the previous practice, we will be consulting on behalf of all Committees and the responses will be shared with you in the autumn in order to assist your scrutiny of the draft budget. As always, we would appreciate your assistance in promoting our consultation via your own communication tools to encourage and engage with a wider audience.

As you will be aware the provisions in relation to the reporting by policy committees changed in 2017, and you are now able to report in your own right (if you so wish), and your reports can be used as a supporting document to the draft budget debate.

If you have any questions about any aspect of the draft budget process, please feel free to contact me or the Clerk to the Finance Committee, Bethan Davies, 0300 200 6372, [seneddfinance@senedd.wales](mailto:seneddfinance@senedd.wales).

Yours sincerely



Llyr Gruffydd AM  
Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Russell George MS  
Chair, Economy, Infrastructure & Skills Committee

[SeneddEIS@senedd.wales](mailto:SeneddEIS@senedd.wales)

12 August 2020

Dear Russell

Thank you for the opportunity to respond to the evidence you took on 18 June on the effects of the coronavirus pandemic on public transport and to set out our position on the issues below:

### **Recovery phase and bus funding**

We have already provided a £29m package of support for bus operators, including community transport, through a bus hardship fund to allow them to continue to deliver services. This is in addition to the grants and financial support available through Business Wales and UK Government schemes, such as the JRS.

On 2 July the Deputy Minister for Economy and Transport announced that Wales' bus industry will be funded through a new Bus Emergency Scheme (BES). The Bus Emergency Scheme will be introduced in phases and will deliver a more integrated and flexible network to match supply to demand, flexi services, and allocate any additional funding. This emergency funding, currently maintained at historic levels, will be for an initial period of three months and will provide financial assistance to the bus industry to keep buses moving across Wales.

BES will provide an operating subsidy in lieu of lost revenue due to COVID-19 and significantly reduced vehicle passenger carrying capacity due to social distancing. As well as addressing emergency short term needs, the agreement underpinning the BES is intended to signal the beginning of a lasting partnership between operators and public bodies to enable a reshaping of Wales' bus network, supporting the management and interaction across transport modes including smart ticketing, unified routeing, and integrated timetabling.

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Operators will work with local authorities and Transport for Wales to determine the initial routes and frequencies that operators should deliver within the available funding. In agreeing these bus service levels, it will be necessary to consider the following:

- how best to serve key workers (including but not limited to NHS staff);
- how best to support economic activity as the economy restarts;
- the capacity of the Operators' buses considering reduced service patterns and compliance with social distancing guidelines; and
- accommodating any staff shortages Operators are facing.

Going forward, the Welsh Government, supported by Transport for Wales, will design a new funding scheme in collaboration with local authorities and bus operators which will include a fair and consistent approach to fares, building patronage, and agreement to the principles of an Economic Contract and a Social Charter. This approach will enable us to work in partnership to improve services for passengers, including cleanliness, reliability and safety and security, which will all be critical during the recovery period while we work together to secure an efficient, sustainable, and robust bus network for the future.

I understand that members of the Confederation of Passenger Transport (CPT), including Nigel Winter of Stagecoach, met with the Deputy Minister for Economy and Transport on 8 July to discuss the BES in further detail.

### **Face coverings**

Following the First Minister's announcement of 13 July regarding changes to the 2m physical distancing duty, the Welsh Government has published additional guidance for public transport operators about additional mitigations they should consider in order to minimise the risk of transmission of coronavirus when it is difficult or not possible to maintain 2 metres physical distancing: <https://gov.wales/restarting-public-transport-guidance-operators>

To help reduce the risk of transmission while on public transport where it is not always possible to maintain a 2m physical distance, it is now mandatory for people to wear a face covering while travelling on public transport.

We hope that these measures will be of some assistance in allowing operators to increase the effective capacity of their vehicles as demand for public transport begins to return. We will be working closely with bus operators, local authorities and Transport for Wales to gradually reinstate local bus services, which have been reduced as a result of the Covid 19 pandemic.

We will continue to work collaboratively with industry partners to ensure passengers are aware of our advice on the use of face coverings.

### **Taxis and private hire**

We are very aware of the concerns of taxi and private hire vehicle drivers resulting from the Covid 19 pandemic and have been in discussion with Shared Regulatory Services, the WLGA and the All Wales Licensing Expert Panel with regard to finding solutions to these issues. However, Welsh Government currently has no direction powers with regard to taxis and private hire vehicles (PHV), under the new emergency legislation or existing taxi/PHV legislation. The current legislation (that applies to England and Wales) provides that the decision to licence a driver, vehicle, or operator lies with the local authority.

There are a number of relevant safety and testing standards that are applicable to protective screens to ensure that they are suitable and safe for use. These standards ensure that

screens do not pose a risk of injury to the driver or passengers, either in situ or in the event of a collision; they ensure that screens are constructed of suitable materials, are not flammable; do not impede the driver's vision; and make certain that installation does not compromise the vehicle's integrated safety mechanisms such as side air bags etc.

Screens that are not tested or correctly installed could pose a number of serious risks to both the driver and passengers, so it is important that their protection continues to be at the heart of our guidelines. Vehicle safety is a reserved matter and we cannot contravene that legislation. The Department for Transport recently released the following statement and as a result, Welsh Government has updated our [Taxi Trade Advice](#) to reflect the national position:

*'The installation of protective barriers or safety screens is a decision for licensing authorities, PHV operators and firm/individual operating the vehicle to make based on their own assessment of risk.'*

It should be noted that all newly manufactured vehicles have achieved European Whole Vehicle Type Approval following comprehensive safety testing. Changing or adding to the interior of the vehicle can potentially alter the 'type approval' of the vehicle. The Driver & Vehicle Standards Agency's (DVSA) Vehicle Approvals Technical Team have indicated that, if the vehicle has been approved then the temporary fitment of partitions would not invalidate that approval, if the vehicle was registered. It is important to note, whilst adaptations are permitted, this does not mean that it is safe for the passengers. We are therefore only reflecting on the installation of safety screens on a temporary basis.

The decision whether to allow the installation lies with the local authority. This puts local authorities in a difficult position as to weighing up the risk between driver and passengers potentially contracting Covid-19 and the possible safety risks posed by the installation of a screen. It is likely that in the current climate, many of the companies installing safety screens will not be able to provide documented assurances to the safety concerns outlined above. Without which, the local authority will find it difficult to make a decision on whether a screen is safe, and the local authority may be liable in the event of driver or passenger being injured as a result of a unsafe screen they had approved.

Local authorities across England and Wales are taking various approaches to this matter, ranging from not allowing any temporary screens that do not have all of the required safety documentation, to allowing temporary screens to be installed but not actually approving them, so that the liability for the safety lies with vehicle proprietor. All of the different approaches raise a number of questions around risk, driver and passenger safety and the legalities around liability.

Licensing Authorities feel that they do not have the technical expertise, particularly in the absence of formal safety documentation, to adequately assess the suitability and safety of temporary screens. Therefore, in order to provide some assistance to local authorities I wrote to the UK's Secretary of State for Transport to request that the Vehicle Safety Standards Unit provide some practical guidance to local authorities that would assist them in their decision making in the current climate. I received a response from Rt Hon Grant Shapps, Secretary of State for Transport dated 17 June 2020. Unfortunately, his response has failed to address my request in relation to providing local authorities with practical guidelines to assess the suitability of safety screens.

In the meantime, officers have liaised with the DfT and DVSA and are continuing to work with the WLGA and local authorities to attempt to find a common approach.

With regards to your query regarding financial assistance for the fitting of screens, this matter would require further consideration as it depends on a number of factors such as an investigation into the national availability of companies that are able to professionally install safety screens that meet all of the necessary safety standards. Due to the present Covid-19 restrictions our understanding is that there are not many of screen installation companies currently operating in the UK and demand is likely to be very high, which could lead to substantial delay. Further investigation would also be required to evaluate the cost and practical benefits of this approach, as the effectiveness of screens against the transmission of COVID-19 is yet unknown, and as previously stated the installation of screens could only be on a temporary basis otherwise the vehicle type approval would be required.

Temporarily amending the taxi and PHV licensing legislation in relation to protective screens is not considered necessary. The current legislation already provides local authorities with the necessary powers to consider the use of temporary safety screens in licensed vehicles. What is required is a set of national guidelines from UK Government, as outlined above, which would assist local authorities in determining the suitability of such installations, and would provide for a more consistent approach across Wales.

### **Cardiff Airport**

COVID-19 has brought unprecedented changes to Aviation industry businesses, including Cardiff Airport, which has resulted in the airport needing to revisit its entire funding strategy. Crudely that means the idea of a further £6.8m tranche is out of date and needs to be subsumed into a broader consideration.

Officials are working with the Airport to understand what the new funding requirements are likely to be and how it is most effectively provided. This will include any necessary regulatory expenditure which is a reserved matter and determined by central government. Further to the work we are doing with the airport, we have also called upon the UK government to do more to support the aviation industry (in particular regional airports) to recover from the impact of the pandemic. One of the areas that we have asked for action on is with the disproportionate cost burdens of maintaining the regulatory requirements for safety and security. It is disappointing that we are yet to see any specific support from UK government in this area.

### **Confidence in public transport and a shift to car travel**

The measures we have introduced to minimise the risk of transmission of the virus on public transport should help the industry to restart services and give the public the confidence to use public transport. This will also help to stem any shift to private car use or to stop any car use as an alternative to public transport from becoming an embedded behaviour in the longer term.

In the meantime, we are still encouraging people to use public transport only for essential journeys and to continue to work from home if possible. This is in order to continue to minimise the risk of transmission of the virus and to help manage demand on public transport on the short term while services restart.

### **Holyhead**

The UK Government has announced a £705m funding package to help manage Britain's borders following Brexit. Our understanding is that this funding is available to ports across the UK and so will be available to all Welsh ports, should they need support to build additional infrastructure where they can or, as seems likely at Holyhead for example, should they need customs facilities to be built inland.

Recent discussions with the DfT around the support towards Holyhead to Dublin route have been constructive and officials have now agreed principles to strengthen the current operational position and agree for further intervention if the route were to near the point of failure in line with what has been agreed for NI-GB routes. However, we accept that the financial support is helpful but not generous, and designed to mitigate a short term problem, rather than look at the sustained financial and economic implications that will arise in the medium to long term.

That is why we are pressing the UK Government to ensure that they now focus on the role of our sea ports in supporting a swift economic recovery, including consideration of how their operations can be strengthened to mitigate the longer term effects of financial losses, loan arrangements etc.

There are substantial investment and growth opportunities for the Holyhead port in particular, including the proposed multi-purpose berth at Salt Island and we are keen to resume discussions with Stena about these proposals. Officials are seeking further clarity from UK Government following the recent phased controls announcement for border checks and what proposals are being considered for Holyhead.

I trust that you will find this information useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a long horizontal flourish extending to the right.

**Ken Skates AS/MS**

Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru  
Minister for Economy, Transport and North Wales

# Agenda Item 2.4

Ken Skates AM  
Gweinidog yr Economi a Thrafnidiaeth  
Minister for Economy and Transport



Llywodraeth Cymru  
Welsh Government

Russell George AM  
Chair, Economy, Infrastructure & Skills Committee

SeneddEIS@assembly.wales

24 August 2020

Dear Russell,

Thank you for the opportunity to attend your Committee session on 11 May 2020. Please find below my response to your letter of 22 May regarding areas that were not reached during the session due to time constraints.

## **What assessment has been made by the Welsh Government of the long-term impact of the virus on transport demand and travel patterns?**

The Department for Transport have commissioned 'All Change?' - a longitudinal survey to explore the impact of COVID 19 on attitudes and behaviours to transport use. The objective of the survey was to understand travel behaviour during the lockdown period as the basis for tracking changes in behaviour among the same group of people over time and as lockdown restrictions are eased. The majority of findings provided by the summary report are at the UK level. However the report notes that travel behaviour has been similar across the different parts of the UK during the lockdown period.

### *Transport use during lockdown (23<sup>rd</sup> March – 10<sup>th</sup> May)*

- Lockdown changed behaviour; resulting in less travel, less car and public transport use, and more active travel.
- Private modes of transport and active travel were the most common ways of getting around during lockdown:
  - 63% drove a car during lockdown, 65% walked or wheeled all the way to a destination and 21% cycled. By contrast, high proportions of people – 82% and 88% respectively – did not get on a bus or a train.
  - Bus use was higher than train use; but only 6% made journeys by bus once a week or more frequently with even fewer, 2%, doing so by train.
- While travel behaviour has tended to be similar across the UK, people living in Wales and Northern Ireland (NI) drove significantly more frequently; over half (52%) of those in Wales and two-thirds (66%) in NI made a journey by car as a driver once a week or more often compared to 46% in England and 47% in Scotland.

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- Reductions in mode use were most marked for travelling by car (either as driver or passenger), bus and train. Those living in Wales and NI were also particularly likely to say they reduced their driving by a little or a lot during lockdown – 55% and 58% respectively, compared to 47% in Scotland and 48% in England.
- Lockdown created changes in shopping, recreation, commuting and travel plans with people reporting that they worked at home, took fewer shopping trips and shopped closer to home than they did before.

#### *Indications and expectations about future transport use (next four weeks)*

At the time of survey fieldwork, most expected to maintain lockdown travel-related behaviours:

- Commuting and working at home are likely to be important factors and most people expect to continue working from home and travel for work as much as they did during lockdown.
- The use of active travel and private transport modes are expected to continue and the most commonly anticipated ways of travelling in the next four weeks are walking/ wheeling all the way to a destination, followed by driving by car.
- Expected use of private modes contrasts sharply with public transport modes;
  - 8% think they are certain or very likely to travel by bus in the next four weeks and 5% by train.
  - A fifth (19%), of those in work think it is 'already' or will be the 'right time' to commute by public transport in the next month, 48% think the same of doing so by car.
  - 70%, say they would be not very or not at all comfortable traveling by bus, train, tram and underground rail/metro services.

#### *Actions to encourage use of public transport:*

- Passengers and staff following social distancing rules while travelling (at bus stops, on platforms, and in stations) are most commonly chosen from a list of thirteen actions as most likely to encourage use of public transport – by 37% of people overall and 43% among those who travelled by public transport once a week or more often before lockdown.
- Weekly or more frequent users of public transport also prioritise the wearing of face masks/face coverings (33%) and better/deeper cleaning of carriages, buses etc. (31%).
- 11% (25% of the wider public) stated that none of the measures would offer encouragement.

The Welsh Government and Transport for Wales are currently working with colleagues in the Department for Transport to identify the range of possible scenarios for future travel demand. These range from a gradual return towards previous travel patterns, albeit with a higher proportion of people working from home, to more extreme scenarios of greatly increased private car use or a collapse in demand for travel. There is no consensus just yet as to what the long-term impact will be.

As part of work being undertaken for the South East Wales Transport Commission, the Welsh Government's South East Wales Transport Model is being used to assess the impact of increased working from home on travel demand along different road / rail corridors. Based on wider economic analyses that have been undertaken, overall travel demand for this assessment is assumed to drop by around 20% although there are some slight variations in areas based on the dominant employment sectors. Outputs from this will be reviewed over the coming weeks.

Transport for Wales (TfW) is working with businesses to understand their expectations and plans for returning staff to work and working from home. Forecasting assumptions will be adapted based on this work.

With the new regional transport models for North Wales / South West & Mid Wales becoming available for use during the summer, the intention is to run post-Covid 19 scenarios over the summer based on improved knowledge of the most likely trends.

**What long-term changes to transport budget priorities and policy as a whole might be required?**

Discussions are underway with Local Authorities about how we can use COVID-19 emergency to achieve step change in bus and public transport provision.

Future COVID-19 funding for the bus industry is to be provided via the Bus Emergency Scheme (BES). The scheme will be introduced in phases and will deliver a more integrated and flexible network to match supply to demand, flex services, and allocate any additional funding. This emergency funding, currently maintained at historic levels, will be for an initial period of three months and will provide financial assistance to the bus industry to keep buses moving across Wales.

BES will provide an operating subsidy in lieu of lost revenue due to COVID-19 and significantly reduced vehicle passenger carrying capacity due to social distancing. As well as addressing emergency short term needs, the agreement underpinning the BES is intended to signal the beginning of a lasting partnership between operators and public bodies to enable a reshaping of Wales' bus network, supporting the management and interaction across transport modes including smart ticketing, unified routeing, and integrated timetabling.

Operators will work with local authorities and TfW to determine the initial routes and frequencies that operators should deliver within the available funding. In agreeing these bus service levels, it will be necessary to consider the following:

- how best to serve key workers (including but not limited to NHS staff);
- how best to support economic activity as the economy restarts;
- the capacity of the Operators' buses considering reduced service patterns and compliance with social distancing guidelines; and
- accommodating any staff shortages Operators are facing.

Going forward, the Welsh Government, supported by TfW, will design a new funding scheme in collaboration with local authorities and bus operators which will include a fair and consistent approach to fares, building patronage, and agreement to the principles of an Economic Contract and a Social Charter. This approach will enable us to work in partnership to improve services for passengers, including cleanliness, reliability and safety and security, which will all be critical during the recovery period while we work together to secure an efficient, sustainable, and robust bus network for the future.

**What effect will the pandemic have on the viability and delivery of major infrastructure investment? Particularly delivery the valleys electrification, the three metro programmes more generally and the highways schemes?**

We have successfully completed the transfer of rail assets from Network Rail, it's taken many years of preparatory work and complex legal negotiations to get to this point, and we'd like to thank all partners involved for their hard work and collaboration.

South Wales Metro works are well underway. At the start of the year, TfW opened the Metro Infrastructure Hub at Treforest, as well as starting construction work on our Metro Depot and Control Centre at Taff's Well. It has been undertaking surveying and design work across the valley railway lines, and I am pleased that work on the ground is due to start over the Summer.

It is inevitable that the programme for this work will be impacted by recent developments in relation to coronavirus (COVID-19) due to the need to maintain social distancing, and potential impact on supply chain production and availability. However we'd like to reassure you that they will be following Welsh and UK Government guidance to ensure that the Metro Transformation can be delivered safely.

In respect of the North Wales Metro TfW have been progressing with a number of initiatives including improvement to Shotton Station and a new rail station at Deeside. Work is also ongoing with reviewing the bus network in the region and there is now a governance structure in place to manage the programme of initiatives to develop an integrated transport system in North Wales.

TfW are also continuing to progress with stakeholders in West and Mid Wales the development of a strategic transport model. This will inform investment decisions in Mid Wales and the development of the South West Metro Vision and Delivery Plan. We intend to update on the progress of this work before the end of the year.

### *Highway schemes*

New Regulations have been made, the Health Protection (Coronavirus Restrictions) (Amendment) (Wales) Regulations 2020 (made on 3 April; came into force 12.01am Tuesday 7 April) which introduced a requirement for 2 metres social distancing in the workplace.

The workplace includes open situations such as construction sites and roadworks. The duty to distance is subject to 'reasonable measures' in order to comply, and this is set out in the Guidance to the regulations published by the Welsh Government on 7 April. In addition other professional, industry and trade bodies, including the Construction Leadership Council for the construction industry, have published useful guidance about complying with the new regulations and best practice.

Works on highway schemes are therefore continuing in line with these current guidelines. A number of additional measures and controls have been introduced to assist in complying with the guidelines. Some of these measures include home working wherever possible, additional site vehicles, additional cleaning staff, revised welfare arrangements and remote briefings in smaller groups or individually or electronically.

**The Welsh Government's Framework for Recovery from the pandemic talks about seizing on the changes which can have a positive impact long into the future. What might this look like in transport?**

During the lockdown period there have been large increases in walking and cycling among individuals and families, both for exercise and to make necessary journeys. We now need to act to maintain these healthy and climate friendly travel behaviours and prevent a return to heavily car-dependent travel choices.

£15.4m funding has been allocated to local authorities to introduce measures to improve the safety and conditions for sustainable and active travel modes in their area in response to



the Covid-19 crisis and to achieve sustained changes in travel behaviour in the future. The funding will improve conditions for pedestrians and cyclists in both urban and rural areas.

We received a total of 209 proposals for measures from all local authorities in response to the invitation for expressions of interest. This clearly demonstrates the need, and willingness of local authorities, to introduce measures to protect public health and safety and to enable people to choose the healthiest and most sustainable transport modes for shorter journeys now and in the future. In collaboration with the Deputy Minister for Housing and Local Government, it is our intention to follow up this first tranche and make further funding available where it is needed. We will work proactively with local authorities to develop further, ambitious interventions as part of the Transforming Towns programme.

I trust that you will find this information useful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ken', with a stylized flourish above it.

**Ken Skates AC/AM**

Gweinidog yr Economi a Thrafnidiaeth  
Minister for Economy and Transport

Ken Skates AS/MS  
Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru  
Minister for Economy, Transport and North Wales

Lee Waters AS/MS  
Dirprwy Weinidog yr Economi a Thrafnidiaeth  
Deputy Minister for Economy and Transport

KS/293/20

Russell George MS  
Chair  
Economy, Infrastructure and Skills Committee

3 September 2020

Dear Russell

Thank you for your letter of 29 July regarding providing further information following our appearance before the Committee on 16 July.

We attach responses to the questions you have raised.

Yours sincerely,



**Ken Skates AS/MS**  
Gweinidog yr Economi, Trafnidiaeth  
a Gogledd Cymru  
Minister for Economy, Transport and North Wales

**Lee Waters AS/MS**  
Dirprwy Weinidog yr Economi  
a Thrafnidiaeth  
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

## **Economy, Infrastructure & Skills Committee – 16 July**

### **Follow-up actions**

#### **Economic Resilience Fund**

**Thank you for offering to provide a comprehensive briefing note on the data relating to ERF phase 1, Members are looking forward to receiving it.**

In total, Business Wales handled around 250,000 unique visitors to the ERF Eligibility Checker, managing over 4,000 concurrent users on systems at peak periods. Business Wales processed over 15,000 applications and awarded almost 12,000 grants totalling over £180m.

We attach a link to a page on the Business Wales website that provides comprehensive detail on awarded organisations, alongside regional and sectoral breakdown – for ERF phase 1.

<https://businesswales.gov.wales/welsh-government-economic-resilience-fund-phase-1-awarded-organisations>

A total of 6,946 micro businesses and SMEs accepted ERF phase 1 funding – totalling £124.4m

We continue to finalise the larger business detail.

77,000 jobs have potentially been given a lifeline by ERF phase 1.

#### **We would also like to request a similar note on phase 2.**

We will inform the Committee as soon as we publish comprehensive detail relating to ERF phase 2.

At present, we can confirm, that a total of 4,724 micro businesses and SMEs accepted ERF phase 2 funding – totalling £57.4m

The Committee may also wish to note that:

- As at 18 August, 1,437 Start-up grants have been approved.
- A total of 1,331 business accessed the Development Bank of Wales' Covid-19 Wales Business Loan Scheme (CWBLs) – providing just over £92m helping to safeguard over 16,000 jobs.

**Looking towards the phase 3 of the fund, I welcome your openness to ideas of content from the Committee. I note the Minister stated the Welsh Government would be looking for this phase to help grow businesses, job opportunities and to enable the economy. In relation to the potential for further support to fill sector-specific or other gaps in support, the Minister also said that he awaited the UK Government's response to the Treasury Select Committee's report 'Economic Impact of Coronavirus: Gaps in Support'. Now that UK Government has responded, can the Minister set out for the Committee the types of support that will be available in phase 3, and whether or not Welsh Government is still pursuing a potential hardship fund with the Welsh Local Government Association?**

Since attending the Committee meeting on 16 July, we announced on 28 July that nearly £40 million of the Economic Resilience Fund (ERF) is to be invested to support delivery of our "Covid Commitment" in respect of Employability and Skills. This funding will ensure anyone over 16 in Wales can access advice and support to find work, pursue self-employment or find a place in education or training and will be targeted at individuals in the Welsh Labour Market most likely to be negatively impacted. This will benefit those most adversely affected in the most direct way possible.

We are currently finalising the details of an impact assessment of the Economic Resilience Fund (ERF) which will help explore how we support businesses in the future.

We are giving careful consideration to how we can utilise the remaining ERF money to most effectively support businesses and livelihoods over the coming months.

As we said at the meeting on 16 July, we want this funding to make a positive contribution towards growth and opportunities, but I also recognise that we need to do all we can to support businesses in the unfortunate scenario of it being necessary to implement any further lockdown measures. We have identified a range of options for how we might use the remaining ERF funding and, following further consideration of these options, we will announce arrangements for utilising the funding in a way which will ensure that the wide range of needs are met in the best way possible.

The funding we have available is far from sufficient to replace the support being provided by the UK Government through its Coronavirus Job Retention Scheme and Self-Employed Income Support Scheme and we continue to call for these schemes to not be ended abruptly on 31 October.

**The Deputy Minister also mentioned that officials had undertaken an analysis of gaps in support and that "as to those gaps they did identify, the risk of fraud and the administration cost of tailoring a scheme to a very small number would be disproportionate to the benefit". Is the Minister able to share this analysis with the Committee?**

We are continuing to refine the analysis as part of the aforementioned impact assessment of the Economic Resilience Fund (ERF) and will be able to share analysis with the Committee once this and supporting work has been completed.

### **Private hire and taxi screens**

**During the session, Members raised the issue of fitting safety screens into taxi and private hire vehicles. Whilst the Deputy Minister highlighted that vehicle safety is a reserved matter, Members are interested to know whether the Welsh Government would consider making temporary amendments to licensing regulations, which are a devolved matter.**

**The Committee has previously heard evidence from the unions that fitting a screen between drivers and passengers would require the operator/driver to apply to the local authority for a change to their licence. The unions have called for this requirement to be relaxed.**

The installation of a safety screen in a taxi or PHV does not necessarily require a change to the vehicle licence. This will be dependent on the policy and conditions in place by each local authority. The existing legislation therefore already gives local authorities a degree of flexibility with regards to the policy requirements and licence conditions that they implement.

Local authorities do however need to be satisfied that vehicles are safe to be licensed. They will need to be satisfied that the construction and installation of any safety screen does not pose a risk to the driver or any passenger, especially in the event of an accident. There are concerns that unsuitable screens or those installed incorrectly may interfere with vehicle's integral safety features such as curtain air bags or could affect access/egress from the vehicle following a collision.

Welsh Government officials have been in dialogue with the Department for Transport (DfT) and the Driver and Vehicle Standard Agency (DVSA) to understand the relevant safety requirements of temporary screens and have liaised with the Welsh Local Government Association (WLGA) and local authority representatives to work towards a more consistent approach to this matter. The situation remains complex as there is no 'one size fits all' when it comes to screens and local authorities will need to consider each application on its merits in order to ensure driver and passenger safety.

There continues to be very limited evidence to demonstrate the effectiveness of safety screens or barriers in reducing the transmission of Covid-19 as most do not create a sealed compartment.

Advice to taxi and PHV drivers around Covid-19 issues, including measures to reduce the risk of transmission, are on the website <https://gov.wales/taxi-and-private-hire-vehicle-guidance>

## **Bus Services (Wales) Bill**

**As we discussed, the bus industry is in a perilous position. The explanatory memorandum for the Bill states that it is “essential that local authorities have the right tools available to them to ensure appropriate delivery of bus services within their area.” The explanatory memorandum also reaffirms the Welsh Government’s ambition “to provide a joined up public transport network that is safe, reliable, punctual, environmentally sustainable, accessible and responds to meet the needs of the travelling public.” The Committee is interested in what specific contingencies are in place to achieve this ambition without the tools included in the Bill. In particular, will the Welsh Government look to develop the Bus Emergency Scheme funding for this purpose?**

Delivering a joined up public transport network and reforming bus services in Wales remains a high priority for the Welsh Government. Following the Covid19 pandemic, we have given urgent consideration as to how we take that forward, whether through legislation or other means, or both.

As the Committee is aware, we have been developing the Bus Emergency Scheme to support the industry during these difficult times. As well as addressing emergency short term needs, the agreement underpinning the scheme provides an opportunity to establish the beginning of a lasting partnership between operators and public bodies to enable a reshaping of Wales’ bus network. Building on this partnership approach, the Welsh Government, supported by Transport for Wales, will design a new funding scheme in collaboration with local authorities and bus operators which will include a fair and consistent approach to fares, building patronage, and agreement to the principles of an Economic Contract and a Social Charter. This approach will enable us to work in partnership to improve services for passengers and help deliver on our ambition for integrated public transport. In the longer term, there will need to be legislation to underpin the progress made through the Bus Emergency Scheme and to support future funding arrangements. Work is underway to consider exactly what future legislation may be required.

The Committee will also be aware that on 1 August we announced an additional £10m of funding to enhance scheduled bus service levels through until the end of September. <https://gov.wales/written-statement-covid-19-bus-emergency-scheme-ramp-services>

A formal announcement of a new round of funding to support the bus industry to the end of the financial year is currently being prepared.

**Transport for Wales transfer of function business case**

**I was very interested in Simon Jones' answer on the business case for transfer of functions into TfW. Simon told the Committee that the work currently being undertaken on the Bus Emergency Scheme would have an impact on the transfer of bus functions. Please could you set out what this impact will be?**

**I understand that the urgent COVID work will have slowed down some of the work around transfer of functions. However the Committee has been keen to see the business case for quite some time. The Committee is keen to know when the Welsh Government is likely to publish this business case?**

The Bus Emergency Scheme has accelerated some of the changes that we were already anticipating in terms of how buses in Wales are managed and coordinated, as well as bringing forward some entirely new thinking.

As a result TfW is playing a greater role in buses than it was pre-crisis, in order to be able to support both Welsh Ministers and Local Authorities. We continue to evolve the Bus Emergency scheme and the role TfW will play on behalf of Welsh Ministers and local authorities. We are working closely with local government, WLGA and bus operators as this thinking develops and the new role for TfW emerges.

We will write further to the Committee once this work has been finalised.

# Agenda Item 3

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