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Llywodraeth Cymru
Welsh Government

Chair of Enterprise and Business
Committee

13 November 2012

Welsh Government Draft Budget Proposal 2013-14

Thank you for your letter of 17 October 2012, which was received on 24th October.

Between those dates I wrote to you providing the further information I promised at the Committee meeting, so I do not repeat those responses in this letter but refer to them where appropriate.

I tackle your questions and recommendations in turn.

1. Regional Transport Plan

My letter to the Committee Chair of 22nd October explained the apparent reduction in the Revenue Budget.

The capital budget is used to support Regional Transport Plan priorities delivered by Regional Transport Consortia. The specific interventions that are funded will vary across the Regional Transport Consortia and year on year, but will include walking and cycling projects, integrated transport measures and contributions to road and rail projects. The Consortia also receive specific funding for road safety which, paid from a different BEL, uses the same grant mechanism to reduce duplication.

The reduced capital budget will require the Regional Transport Consortia to consider project priorities and phasing of work very carefully. There is also an opportunity for

the constituent local authorities which make up each Consortia to consider the contribution they can make to priority projects.

To support the Consortia in planning and prioritising effectively, we are identifying ways to reduce the administrative burden for this grant while retaining the required level of assurance.

I have asked my Department to look for opportunities to rationalise grants to local authorities and Regional Transport Consortia. One of the options they will be considering would be to move funding away from a separate specific grant and into the Regional Transport Consortia Grant.

1 (cont) Joint Transport Authorities

In line with our manifesto commitment, some initial policy work has been undertaken by my officials to scope the options for the Welsh Government to consider in creating a JTA. This work has not yet drawn to a conclusion. At the same time we are working with local authorities and the Regional Transport Consortia to drive collaboration on highways and transport services through the Simpson Compact. I will await the outcome of this work before considering whether it is right to proceed with the introduction of Joint Transport Authorities.

Although it would be premature to move to establishing a statutory Passenger Transport Executive or Joint Transport Authority (JTA) at this stage, I have been clear that, if it appears that collaboration is not going to deliver the step change in efficiency and effectiveness of transport services necessary, then I will look to use the Welsh Ministers powers to create JTAs.

2. Active Travel

The main costs associated with the delivery of the Active Travel Bill will be the production of the maps, keeping them up to date and investment in improving walking and cycling routes. The first two are new costs but we already invest substantially in improving walking and cycling routes. In future our significant investment in walking and cycling programmes will be targeted to support active travel more specifically.

Budget provision is contained in:

- SPA: Sustainable Travel
 - Regional Transport Plans
 - Walking and Cycling investment
 - Sustainable Travel Towns and Smartcards

We will make specific provision within these budgets to support the mapping work that will be required under the Bill. The production of the first sets of maps will be the main cost; the costs of keeping them up to date will be significantly less.

3. Regional Transport Consortia

I have asked my officials to review the existing programmes that support walking and cycling, which include a proportion of the Regional Transport Consortia Grant, Sustainable Travel Centres Grant, Safe Routes in Communities and develop an ambitious programme to deliver active travel objectives.

In 2012-13 nearly £14m of Welsh Government funding has been allocated to walking and cycling projects and many of these projects support active travel objectives – that is they support journeys to work, to schools, to other key services and social connectivity. In future this funding will be more specifically targeted to support the development of an enhanced network for active travel.

4. Objectives in delivering Programme for Government and National Transport Plan commitments

I will provide a six-monthly update on the delivery of each objective, in June and December of each year updates as requested.

5. Bus funding system

My letter to the Committee Chair of 22nd October explained the latest position on the Bus Funding Review and the recommendations put forward by the Steering Group.

I have not made a final decision on the recommendations from the review but the Report has recommended that Regional Transport Consortia should be responsible for administering the new scheme and for preparing a Regional Bus and Community Transport Network Strategy that will provide an overview of the network together with appropriate objectives and priorities. This will allow for regional and local differences to target the available funding to ensure an acceptable level of provision and performance. The Consortia will report progress against the objectives and priorities to the Welsh Government. Any lessons to be learned from that monitoring will be reviewed during 2013-14 so that any changes will be implemented from 1 April 2014.

The Bus Funding Review has used a working assumption that there will be a budget of £25m in 2013-14. That represents a possible budget reduction of around 25% compared with last year. The extremely difficult settlement imposed on us by the UK Government means that we will need to make the very best use of the funding available to us. I am confident that the Regional Transport Consortia and our other partners will make the most of the budget provision, which will continue to be available to fund socially-necessary bus and community transport services.

6. Concessionary travel funding

An annual uplift is built into the existing agreement and reflected in the draft budget. There is sufficient funding within the agreement to the end of March 2014. Officials will in due course begin discussions with the Regional Transport Consortia and the bus industry to seek a new three-year agreement for the concessionary bus travel scheme.

7. How does community transport fits into overall transport strategy.

Community transport plays a vital role for providing access to key services for disadvantaged groups and providing important links to remote urban and rural communities. The bus funding review has been looking at how we can best support community transport to help deliver the Welsh Government's priorities and outcomes.

8. Community Transport Concessionary Fares pilot projects

I am considering the additional information that I asked officials to obtain about the 15 CTCFI projects alongside the recommendations of the bus funding review. I hope to announce my decisions shortly.

9. Discussions with other colleagues to evaluate the impact of changes to the transport budget

I have yet to make final decisions on the Review of Bus Funding. However, when preparing the Regional Bus and Community Transport Network Strategy, The Transport Consortia will be required to consult the Local Health Boards to ensure that important health services can be accessed by public transport. In addition, the Report also makes a recommendation to ring-fence a percentage of the available budget for community transport, including services for those unable to use conventional public transport.

10. Equality Impact Assessment

The Equality Impact Assessment (EIA) of the Budget for 2013-14 was published as a separate document on 8 October 2012 and sets out the issues in relation to Local Government and Communities. For transport, it covers a range of issues including our commitment to supporting vulnerable groups through our Concessionary Fares scheme, and our work on the impact of the UK Government's welfare reform agenda on Wales which has implications for the Blue Badge Scheme resulting from changes to the move to Personal Independence Payments. The document can be found at:

<http://wales.gov.uk/topics/equality/inclusivepolicy/impactassessments/draftbudget13EIA.jsessionid=CED9019B342054076C9BFF788D37A15A?lang=en>

One area not included in the document is rail infrastructure which of course isn't devolved. However, we continue to invest in station improvements to tackle accessibility and other issues because we believe it is the right thing to do. The ongoing Wales Station Improvement Programme (NSIP+) includes exemplar accessibility improvements as one of its key scheme eligibility criteria. Only last month I announced a £5.1m funding package to improve Llandudno Station in North Wales. On the 7 November I announced a further set of station improvements across Wales under the £40m programme. Stations will be enhanced at Port Talbot Parkway, Rhyl, Pontypridd, Ystrad Mynach and Aberystwyth.

11. Sustainable development appraisal

We examine our budgets every year as part of the budget planning process and sustainability along with equality are very important considerations. Transport budgets support substantial investment in bus, rail and active travel modes, which support Programme for Government commitments in relation to reducing greenhouse gas emissions and reducing air pollution.

As our central organising principle, sustainable development is at the heart of everything we do. Transport investment is taken forward in a way that is supportive of both environmental and wider sustainability objectives. For example:

- All projects go through a WeITAG assessment that ensures that the problem is properly defined, objectives set and then options appraised against a broad, holistic set of measures.
- In 2012/13 we are investing nearly £12m in walking and cycling schemes. This will make it easier for people to walk and cycle, delivering benefits to them and the wider environment.
- The team building the A465 recently won the Welsh Government's Equality & Diversity for their work in engaging hard to reach groups in the project.

In accordance with the systems in place to support strong, evidence based policy, my officials are required to assess the impact of new policy and legislation by carrying out a range of statutory and non-statutory impact assessments. Embedding sustainable development as a central organising principle is part of this process and this is therefore the key mechanism to ensure that my budget is supporting policies and programmes that are sustainable.

12. Improve the Department's budgetary processes to meet the needs of voluntary sector partners.

This is an issue that primarily affects other parts of my portfolio but has some specific read-across to partners in Transport. The Third Sector remains a key partner to help fulfil the Welsh Government's objectives set out in the Programme for Government. Through the Third Sector Partnership Council, the Welsh Government will make every effort to ensure that the Third Sector's ability to contribute to the delivery of the Programme for Government is not undermined. Working with the sector, we will encourage and support improved methods of improved working and opportunities for collaboration across the sector. Through the work of the Third Sector Partnership Council (TSPC), the Welsh Government is exploring how best to support the Third Sector to exploit funding opportunities that may arise through strategic public sector commissioning.

Some specific examples are:

- Officials are working with the Wales Council for Voluntary Action to ensure that the impact on service delivery because of reductions on infrastructure funding (anticipated 8.9% in 2013/2014) is minimised. They have had plenty of forewarning to allow them to plan for this.
- The Community Transport Association (Wales) have assisted us with the bus funding review and so are aware of the plans for changing the way that funding for bus and community transport services will be provided in the future.

Yours sincerely,



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