

## **Council for Economic Renewal**

### **Transport update**

#### **Summary**

1. Since the Council for Economic Renewal last considered a paper on transport issues in November 2011, the prioritised National Transport Plan has been published and there has been significant progress in a number of areas.
2. This paper provides an overview of the developments and highlights key issues coming up.

#### **National Transport Plan**

3. The prioritised National Transport Plan was published in December 2011. A copy of the prioritised Plan and associated documents are available at:  
<http://wales.gov.uk/topics/transport/publications/ntp/?lang=en>.
4. The National Transport Plan was prioritised on the basis of the interventions that would make the transport system in Wales work better to help tackle poverty, increase wellbeing and assist economic growth. Our focus is on improving mobility and connectivity so that people can access the things they need, such as jobs, health care, education, child care, friends and family. In summary we prioritised investment that would:
  - contribute to economic growth, by addressing urban congestion and improving access to key areas, and by improving the capacity and reliability of our key east-west routes
  - contribute to tackling poverty by addressing the mobility and accessibility issues that people living in poverty face and we will ensure that our significant investment with contractors delivers local work and training opportunities
5. There continues to be good progress in delivering key commitments.
6. The current National Transport Plans and Regional Transport Plans cover the period to 2015. Work is underway to develop the policy and planning framework that will cover the period beyond 2015. I am clear that delivering interventions that support jobs and the economy and tackle poverty, while minimising negative impacts on the environment and encouraging more sustainable choices, will be the key priorities driving the new framework.

#### **Key developments**

7. There has been good progress in delivering a range of interventions set out in the National Transport Plan across all modes. There has also been good news on funding for the delivery of future transport interventions. Some key developments since November 2011 are highlighted in the following paragraphs.

## **Roads**

8. In terms of the motorway and trunk road network, the Welsh Government has continued to direct substantial investment into the maintenance, management and strategic enhancement of the network. This has included over £50m in capital investment each year improvements and major repairs to the network, covering project development, design and delivery and over £50m per annum on revenue funding to repair defects, maintain and ensure the resilience of the network. This funding is a crucial investment in one of Wales' most important assets with a depreciated replacement cost of over £13bn.
9. Key enhancements to maintenance and management of the network include:
  - Conwy Tunnels upgrade - £25m investment over the next 2 years, starting with a £2m scheme to improve the lighting inside the westbound A55 Conwy tunnel.
  - Construction and operation of an award winning congestion reduction scheme at M4 J32 Coryton
  - Increased resilience of the network by doubling the Welsh salt holding over past three years with more salt barns across Wales.
10. Major infrastructure enhancement highlights include:
  - A465 Heads of the Valleys:
    - Public Local Inquiry on Section 3 Brynmawr to Tredegar held in March 2012. In December 2012 we received confirmation of the award of almost £82m ERDF funding for the scheme and provided the green light for construction work to start.
    - Preliminary Design for Section 2 Gilwern to Brynmawr is ongoing. Publication of draft Orders and an Environmental Statement scheduled for Summer 2013. Subject to the successful completion of statutory procedures construction could start in 2014.
    - Technical advisors for Section 5 Dowlais Top to A470 and A465 Section 6 A470 appointed Summer 2012. In December 2012, we announced that a non-dividend investment mechanism would be established to invest around £300m in sections 5 and 6 of the A465.
  - A487 from Caernarfon to Bontnewydd – a preferred route was announced in 2012 and Technical Advisors will be appointed in 2013 prior to procuring an ECI Contractor to this scheme forward later in the year.
  - A483 Newtown - An ECI contractor will be appointed early this year to take this scheme forward.
  - In 2012, construction work worth £13m started on the Steelworks access road which forms part of plans to create a new dual carriageway linking Newport with the M4
  - Construction of the A477 St Clears to Red Roses bypass scheme will be ongoing through the 2013 and expected to be completed early in 2014. This will improve links to the important ferry port at Pembroke Dock and at the same time improve safety and journey time reliability on the trunk road and reduce severance and traffic noise, improve safety and air quality for those living close to the existing road.

11. Last year, through the M4 Corridor Enhancement Measures (M4 CEM) process, we consulted on options to explore and resolve issues of capacity, safety and resilience along the M4 corridor in south-east Wales. The results of the M4 CEM consultation and the results of the associated assessments, including Strategic Environmental Assessment, are currently being considered and will inform decisions on next steps.
12. In terms of the local road network, we have continued to fund local authorities to deliver legacy Transport Grant projects. Highlights include:
  - In 2012, the Wrexham Industrial Estate Access road was opened to traffic, providing much enhanced access to a major employment zone, covering over 500 hectares with around 300 companies providing employment for about 7,200 people.<sup>1</sup>
  - Works continued in 2012/13 on Harbour Way, the Port Talbot Peripheral Distributor Road (PDR), which we expect to be completed in 2013/14. The PDR will provide a 4.8km link to the M4 at Junction 38 (Margam) into Port Talbot and the Docks, providing substantially enhanced connectivity for businesses.
13. In addition, we established the Local Government Borrowing Initiative (LGBI) in February 2012 to address pressures on road maintenance budgets, allowing local authorities to free up resources and boost borrowing for investment in local highway improvement schemes. It should result in up to £170m of additional capital funding being invested in highways enhancements in the period 2012/13 – 2014/15. The proposals for LGBI investment in 2013-14 are currently being finalised.

## **Rail**

14. In terms of rail infrastructure, although it is not devolved, the Welsh Government has continued to direct substantial investment into infrastructure improvement recognises the key role that rail plays as part of Wales' transport system.
15. Major infrastructure enhancement highlights include:
  - Redoubling of the main line West of Swansea between Gowerton and Lougher, Welsh Government is providing £28m funding for this project. This is being undertaken at the same time as Network Rail's Lougher Viaduct replacement project. Construction is due to be completed 2013.
  - Redoubling and resignalling of the current single line railway between Wrexham and Saltney Junction, Chester. Welsh Government is funding this £45m project, this also includes line-speed improvements between Gobowen and Shrewsbury and signalling enhancements at Ty-Croes on Anglesey, as part of the North-South Enhancements and Journey Time Reduction project.
  - The Welsh Government is providing a £15m contribution to Network Rail's £220m Cardiff Area Resignalling (CASR) project in Cardiff. The project will include new platforms at Caerphilly, Pontypridd, Barry and a new passing loop and platform at Tir Phil, on the Rhymney Valley line.
  - The final phase of the Wales Station Improvement Programme (NSIP+). This is a £40m package of schemes which will provide an enhanced station environment and improve accessibility at Port Talbot Parkway, Pontypridd, Rhyl, Ystrad Mynach and Aberystwyth.

---

<sup>1</sup> [http://www.wrexham.gov.uk/english/travel/wie\\_link.htm](http://www.wrexham.gov.uk/english/travel/wie_link.htm)

16. The Welsh Government submitted outline business cases to the Secretary of State for Transport for electrification of the complete Valley Lines and the mainline onwards from Cardiff to Swansea. I was delighted when the UK Government accepted the compelling financial and economic arguments we put forward in the business cases and included both projects in the HLOS announcement.
17. We are now working closely with Network Rail and the UK Department for Transport on the delivery of these projects over the period to 2019. A key priority is to ensure that we maximise the community benefits from this investment and my Department, with colleagues from the Department for Business, Economy, Technology and Science and the Department for Education and Skills, are working with Network Rail to support this.
18. Building on electrification and with the support of the South East Wales Transport Alliance (Sewta), I have established a Task Force to drive forward the development of integrated transport systems in south east Wales. The Task Force will develop - by early 2013 - recommendations for a rapid transit system for south east Wales using rail, light rail, bus and active travel which meets the needs of the public, businesses and the environment, links communities and jobs. I am also establishing a similar Task Force to make recommendations in relation to integrated transport in north east Wales.
19. Following discussions with the Secretary of State for Transport last year, I announced earlier this month that the Welsh Government would work with Taith to develop the business case for modernisation of the North Wales Coast Main Line (from Holyhead to Crewe), and the wider rail network in north east Wales (including the Wrexham to Bidston line, the line from Wrexham to Chester, and the line from Chester to Warrington Bank Quay) in order to maximise the social, economic and environmental benefits to the region resulting from modernisation. Work is underway on establishing the strategic case for investment, which will define the scope, objectives, benefits and long-list of options for the project. This in turn will lead on to a robust case for change, which will be complete this summer.
20. The Welsh Government is responsible for the day to day management of the Wales and Borders franchise operated by Arriva Trains Wales. In addition to funding core franchise services we continue to invest in service enhancements, for example:
  - The North – South Enhanced Express, we directly fund a modernised locomotive hauled service with premier class seating and dining facilities allowing passengers in North Wales to access Cardiff via Wrexham before 10am with a return journey in the evening.
  - Valley Lines strengthening – we directly fund additional capacity during the morning and evening peaks to enable people to access work.
  - Cambrian Line strengthening – we directly fund additional capacity on peak services.
  - Additional services to Fishguard calling at the newly opened Fishguard & Goodwick station.
21. Currently the UK Government is the franchising authority for Wales and Borders, with the Welsh Government as a joint signatory to the franchise, and rail as a whole is largely non-devolved. We are examining the potential role of Welsh Government in the future of rail in Wales as part of the Rail Futures Programme.

22. The existing Wales and Borders franchise comes to an end in 2018 and we have commenced work to inform the development of the next franchise. Our vision is for Wales to have a rail service that meets the needs of its passengers, and has a reputation for high standards, growth and innovation. The challenge is to achieve this whilst offering value for money for taxpayers. We are committed to examining the feasibility of establishing the Wales and Borders franchise on a not-for-dividend basis, in addition to a for-profit basis. We held a conference in October 2012 to open the call for evidence and will be consulting on our approach to rail later this year.
23. We are considering the findings and recommendations of Laidlaw and Brown Reviews into the West Coast Mainline franchise process and wider franchising arrangements very carefully as part of this work.

### ***Bus services***

24. In March 2012 I announced a thorough review of the funding that we provide in support of bus and community transport services. I was determined that the public's funding in support of private companies should be focussed on those outcomes that passengers most wish to see, and which are most likely to encourage more people to use buses. Only that will help sustain fare box income and make the bus network more resilient in the longer-term.
25. The review was undertaken in partnership with local government in Wales, the Regional Transport Consortia, the bus industry and others. It considered why and how we fund bus and community transport services, and how to make the best use of the funding that we have now, and may have in the future.
26. The existing arrangements, in which we provide funding to 22 local authorities, are unnecessarily bureaucratic. Future funding will therefore be routed through our RTCs, bringing efficiencies of scale in administration, and requiring bus and community transport services to be considered alongside rail and other modes within a regional network. The RTCs will develop regional public transport strategies during 2013-14 that will also prioritise investment to reflect available funding.
27. The new scheme will be a significant improvement in identifying what public transport we support and why, and lead to a much improved mechanism for developing integrated transport in Wales.
28. The Transport Act 2000 and Local Transport Act 2008 provide powers for local authorities to make statutory bus Quality Partnership Schemes and Quality Contracts. Under such schemes, authorities can work closely with bus operators to plan and deliver services that meet the needs of local communities. A Quality Partnership Scheme will ensure that local authorities and bus operators deliver binding commitments that share the objective of making bus travel a more attractive option for everyone. These may include maximum fares and co-ordinated timetables.
29. I would like to see more statutory bus Quality Partnership Schemes in place to shape the provision of bus services. I believe that voluntary and statutory partnerships offer real opportunities to achieve what we wish the bus industry to deliver, but I will continue to keep that under review, especially if there is little evidence that sufficient work is being done to evaluate the potential for partnerships.

30. Quality Contracts require the consent of Welsh Ministers to what are, in effect, bus franchises. I will look to bring forward regulations on this during 2013-14, so that there is a full suite of powers available to influence the provision and standards of bus services, if voluntary and statutory partnerships are not taken up with sufficient vigour.

### ***Active Travel***

31. We have continued to make substantial investment in walking and cycling infrastructure through programmes like Safe Routes in Communities and funding via the Regional Transport Consortia. In 2012-13 nearly £12 million of Welsh Government capital funding has been allocated to 90 walking and cycling schemes in Wales.

32. We consulted on the Active Travel White Paper in 2012 and are now in final stages of preparing the Active Travel Bill for introduction to the Assembly in February 2013. The Bill is intended to enable more people to walk and cycle and generally travel by non-motorised transport. We want to make walking and cycling the most natural and normal way of making getting about. The Bill will require local authorities to continuously improve facilities and routes for pedestrians and cyclists and to prepare maps identifying current and potential future routes for their use. The Bill will also require new road schemes (including road improvement schemes) to consider the needs of pedestrians and cyclists at design stage.

### ***Ports and airports***

33. Wales' ports and airports are a critical part of our transport system and have a crucial role in economic development and in enhancing the global image of Wales.

34. The First Minister's Cardiff Airport Task Force has been looking in detail at the options available to support the development of Cardiff Airport and, more recently, the First Minister announced that the Welsh Government is undertaking detailed due diligence in relation to the possible purchase of Cardiff Airport.

35. We worked very closely with the UK Department for Transport throughout 2012 on the designation of the Core TEN-T network and have ensured that a number of key ports in Wales are included in the Core network. We will continue work closely on this issue as the details of the Regulations governing the next round of TEN-T are agreed.

### ***Freight***

36. We carried out a review of the Freight Strategy last year and sought input from the industry on delivery so far and future priorities. The review identified positive progress across a range of areas for action set out in the Strategy, as well as some areas where progress had not been as good as had been planned.

37. I shared the findings of the review and recommendations on the way forward with the reconstituted Wales Freight Group on 17 January and I am looking forward to working with partners in the freight sector to move this agenda forward.

## **Funding**

38. The paper provides a number of examples of the way that we are using innovative funding mechanisms to support investment in transport, for example the LGBI and proposed SPV that will deliver section 5 and 6 of the Heads of the Valleys. In addition, we have also worked hard to secure additional funding. This has included a number of successful business cases for additional capital funding from the Welsh Government central capital pots, for example to support work to improve the Conwy Tunnels. It has also included successful business cases that have secured European Structural Funds, for example in relation to railway station improvements and section 3 of the Heads of the Valleys. We have also produced business cases that have persuaded the UK Government to invest in additional projects in Wales, for example Valley Lines electrification and electrification of the mainline from Cardiff – Swansea.
39. We will continue to work to maximise the funding available to deliver transport priorities in Wales.
40. Delivering strategic enhancements to the M4 around Newport is a key long-term priority for the Welsh Government. The Chancellor of the Exchequer, in his Autumn Statement confirmed the UK Treasury's continuing commitment to work with the Welsh Government to improve the M4. Discussions are underway with the UK Government around a potential funding package for M4 improvements and the future of tolling the Severn Bridge Crossings.

**Carl Sargeant AM**  
**Minister for Local Government and Communities**