

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



**Y Pwyllgor Menter a Busnes
Enterprise and Business Committee**

Carl Sargeant AM
Minister for Local Government and Communities
Welsh Government

26 October 2011

Dear Carl,

Thank you for attending the Enterprise and Business Committee meeting on 20 October as part of our scrutiny of the Welsh Government Draft Budget Proposals 2012-13.

The Committee would like to make a number of recommendations for your consideration. We are also writing letters containing recommendations to the Minister for Business, Enterprise, Technology and Science and to the Minister for Education and Skills. All three letters are being copied to the Finance Committee to inform its scrutiny of the Draft Budget, and they will be published on our website.

Alignment of the Draft Budget and National Transport Plan

The Committee was reassured by, and welcomed, your statement regarding the reprioritisation of the National Transport Plan, that “nothing would be going in or out of the plan”, and that headline budget figures will not be affected. However, the Committee did find that the lack of detail about delivery within the budget, resulting from the National Transport Plan review, made it difficult to scrutinise the budget. To this end the Committee

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will be keen to consider the outcome of the reprioritisation exercise and to subsequently monitor the implementation and spend of the revised National Transport Plan.

- 1. We recommend that you provide us with full details of the outcome of the National Transport Plan reprioritisation exercise once it is complete including any impact this may have on the budget over the next three years.**

Managing Projects within the Transport Portfolio

The Committee was interested to hear about the approach you are proposing to take to awarding future contracts for infrastructure projects. The Committee was, however, concerned about the potential impact this could have on the companies providing the service, particularly those in the voluntary sector. The Committee welcomed the recognition of over-exaggerated time margins or costs in relation to projects and would welcome more detail as to how you propose to avoid this in future contracts.

- 2. We recommend that your proposed new approach to risk management contains safeguards to protect service providers, in particular those from the third sector, from being transferred detrimental levels of risk. We also recommend that you provide us with details about how you propose to avoid over-exaggerated time margins or costs in relation to future projects.**

Enterprise Zones

The Committee was interested in the evidence you provided about enterprise zones, in particular that the location of these would be a factor in the reprioritisation of the National Transport Plan. However, the Committee was concerned that there did not appear to be any additional budget to facilitate integrated transport into the planning for enterprise zones and would encourage you to work with the Minister for Business, Enterprise, Technology and Science to guarantee funding for this from the £10 million consequential.

- 3. We recommend that you keep the Committee updated on how transport is being integrated into plans for the enterprise zones and any potential budgetary implications.**

Additional Information

You agreed to provide us with the following additional information:

- The monitoring tools used by your department to demonstrate success within the National Transport Plan
- An update on the Welsh Government's negotiations regarding potential funding for the electrification of the Great Western mainline to Swansea.
- Clarification on how the non-cash amounts of the budget are set
- A progress report on the smart card initiative

Thank you for assisting the Committee in its work, and we look forward to receiving your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nick', with a horizontal line underneath.

Nick Ramsay AM
Chair, Enterprise and Business Committee

c.c. Jocelyn Davies AM
Chair, Finance Committee