

Ken Skates AC
Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth

10 Rhagfyr 2018

Annwyl Ysgrifennydd y Cabinet,

Yn dilyn sesiwn graffu Pwyllgor yr Economi, Seilwaith a Sgiliau, yr aethoch iddi ar 21 Tachwedd 2018, hoffai'r Pwyllgor dynnu eich sylw at y pwyntiau a ganlyn.

Bod yn barod ar gyfer Brexit

Clywodd y Pwyllgor nad oedd dim cynlluniau wrth gefn ar waith ar gyfer trosglwyddo i amgylchedd ôl-Brexit, a bod Ysgrifennydd y Cabinet yn dibynnu ar Lywodraeth y DU i sicrhau bod arian ar gael i gynorthwyo i drosglwyddo i amgylchedd ar ôl ymadael â'r UE.¹

O ystyried yr ansicrwydd sy'n ymwneud â Brexit wrth ysgrifennu, y cyfan y gall y Pwyllgor ei wneud yw adolygu'r sefyllfa hon yn ei waith craffu ariannol yn ystod y flwyddyn.

Teithio Llesol

Cytunodd Ysgrifennydd y Cabinet i anfon nodyn ar y canllawiau a'r meini prawf, yn seiliedig ar y Mapiau Rhwydwaith Integredig a gynhyrchwyd gan awdurdodau lleol, a ddefnyddir i ddyrannu cyllid o'r Gronfa Teithio Llesol. Byddai'r Pwyllgor yn croesawu cael rhagor o eglurhad ar sut mae'r cyllid hwn yn cysylltu â ffrydiau cyllid teithio llesol eraill (gan gynnwys y rhai y tu allan i'r MEG Trafnidiaeth).

Cynigiodd Ysgrifennydd y Cabinet ddarparu nodyn ar yr arweiniad sy'n llywio'r gwir fuddsoddiad ac yna sut y caiff ei fonitro.² Bydd hyn yn rhoi rhagor o wybodaeth i'r Pwyllgor i asesu a yw'r dull hwn yn sicrhau gwerth am arian.

¹ Llythyr at Bwyllgor yr Economi, Seilwaith a Sgiliau

² Para 144, Pwyllgor yr Economi, Seilwaith a Sgiliau, 21 Tachwedd 2018



Cyflwr y ffyrdd

Clywodd y Pwyllgor fod y safbwynt a nodir yn ei adroddiad "Cyflwr y Ffyrdd", a oedd yn dweud y dylai'r gwaith o gynnal y rhwydwaith gael ei flaenoriaethu dros adeiladu ffyrdd newydd, wedi cael ei ystyried a'i wrthod gan Ysgrifennydd y Cabinet. Bydd rhagor o gyfleoedd i drafod hyn pan gaiff adroddiad y Pwyllgor ei drafod ar lawr y Senedd yn y flwyddyn newydd.

Yn ystod y sesiwn, dywedodd Ysgrifennydd y Cabinet fod y £60 miliwn a ddyrannwyd i awdurdodau lleol ar gyfer cynnal a chadw priffyrdd wedi'i ddyrannu drwy'r gyllideb llywodraeth leol yn y Grant Cynnal Refeniw (RSG)³. Nid yw'r Grant Cynnal Refeniw wedi'i neilltuo, fel y gall awdurdodau lleol wario'r arian hwnnw ar beth bynnag maen nhw'n ei ddewis, waeth beth fo'i bwrpas. O gofio maint yr ôl-groniad o waith cynnal a chadw priffyrdd lleol a ddarganfuwyd gan y Pwyllgor yn ei ymchwiliad, a'r angen am wariant ataliol er mwyn osgoi gormod o gostau a dirywiad yn y rhwydwaith yn y dyfodol, ymddengys nad oes mecanwaith i Lywodraeth Cymru sicrhau bod yr arian hwn yn ychwanegol at wariant presennol awdurdodau lleol. O ystyried y pwysau sydd ar gyllidebau awdurdodau lleol, credwn fod risg y gallai'r arian hwn ddisodli ymrwymadau presennol yr awdurdod lleol i ariannu gwaith cynnal a chadw, yn hytrach na chael ei ddefnyddio i ddarparu'r gwariant ychwanegol sydd ei angen. Gofynnwn i Lywodraeth Cymru roi eglurder ynghylch sut y mae'n bwriadu sicrhau bod yr arian hwn yn ychwanegol.

Amharu ar y rheilffyrdd

Mae teithwyr Gwasanaethau Rheilffyrdd Trafnidiaeth Cymru wedi cael amhariadau sylweddol yn ystod yr hydref cyntaf i'r Gwasanaethau gynnal masnachfaint rheilffyrdd Cymru. Nid yw'n glir sut mae'r gyllideb hon yn mynd i'r afael â hyn. Mae'r Pwyllgor wedi cymryd rhagor o dystiolaeth gan Trafnidiaeth Cymru ac Ysgrifennydd y Cabinet dros yr wythnosau diweddfaf.

Dyfodol Trafnidiaeth Cymru

Lansiodd y Pwyllgor ymgynghoriad ar 26 Tachwedd i ddechrau ymchwiliad manwl sy'n edrych ar ddatblygiad, a threfniadau llywodraethu Trafnidiaeth Cymru. Mae'r Pwyllgor yn disgwyl cyflwyno adroddiad ym mis Ebrill 2019.

³ Para 160, Pwyllgor yr Economi, Seilwaith a Sgiliau, 21 Tachwedd 2018



Cymorth busnes a'r Gronfa Dyfodol Economaidd

Mae Ysgrifennydd y Cabinet wedi gosod cyfeiriad clir, gan symud tuag at atgyfnerthu cefnogaeth fusnes o ran y Gronfa Dyfodol Economaidd. Er bod y Pwyllgor yn cytuno y bydd hyn yn sicrhau bod chwilio am gefnogaeth yn symlach ar gyfer busnes, mae yna golled gyfatebol o ran tryloywder i'r rhai sy'n ceisio craffu ar Lywodraeth Cymru.

Er bod cyfuno ffrydiau ariannu yn waith ar y gweill, nid oes dyddiad cadarn ar gyfer y cyfuno. Siaradodd Ysgrifennydd y Cabinet a'i swyddogion lawer iawn am bwysigrwydd "ystwythder" a "hyblygrwydd". I'r Aelodau sy'n ceisio craffu ar weithgarwch y Llywodraeth, mae'r rhinweddau hyn yn anodd i graffu arnynt ac mae perygl y gallent golli tryloywder.

Mae'r Pwyllgor yn nodi mai dim ond 8 y cant o'r cyllid cymorth busnes sy'n cael ei ddyrannu drwy'r Gronfa Dyfodol Economaidd ar hyn o bryd. Felly, nid yw mwy na 90 y cant o reidrwydd yn cymhwyso'r athroniaeth "rhywbeth am rywbeth" y mae Ysgrifennydd y Cabinet wedi'i hyrwyddo, yn gywir, yn ei gontract economaidd ac o ran y Gronfa Dyfodol Economaidd. Pan holwyd ef yn benodol ynghylch amseru, dywedodd Ysgrifennydd y Cabinet ei bod yn bwysicach ei wneud yn iawn nag ydyw i'w wneud yfory. Mae Llywodraeth Cymru wedi rhoi ffydd mawr yn y "model gweithredu newydd" lle mae'n rhaid i gwmnïau ymuno â'r Contract Economaidd fel amod o dderbyn cefnogaeth gan y Llywodraeth. Os yw'r mwyafrif llethol o gyllid Llywodraeth Cymru ar gael y tu allan i'r Gronfa Dyfodol Economaidd, yna ni fydd llawer o gymhelliant i gwmnïau ymuno â'r Contract Economaidd.

Hoffai'r Pwyllgor weld rhagor o frys wrth symud tuag at weld cyfran fwy o arian yn mynd drwy'r Gronfa Dyfodol Economaidd, a byddai'n annog Llywodraeth Cymru i ystyried y ffordd orau i sicrhau bod y dyraniadau, a'r canlyniadau a gyflawnir gan y gronfa gyfunol yn agored ac yn dryloyw.

Yn ystod y drafodaeth, dywedodd Ysgrifennydd y Cabinet ei fod wedi cytuno i ddarparu nodyn briffio ar y broses o asesu, ac yna ymuno â'r Contract⁴. Mae hefyd wedi ymrwmo i rannu enghraifft ddiennw o'r Contract Economaidd. Nid yw'r Pwyllgor wedi cael y dogfennau hyn eto.

⁴ Para 316, Pwyllgor yr Economi, Seilwaith a Sgiliau, 21 Tachwedd 2018



Yr economi sylfaenol

Roedd y Pwyllgor yn bryderus o glywed nad oedd dim cynnydd wedi'i wneud o ran gwario arian a ymrwymwyd i gefnogi'r cam o alluogi'r economi sylfaenol yng Nghymru, ac mai aneglur oedd y cynlluniau i'w wario yn y flwyddyn i ddod.

Mae'r Pwyllgor wedi ymddiddori'n fawr yn y maes hwn, ac mae'n edrych ymlaen at glywed pa gynlluniau peilot fydd yn cael eu datblygu. Mae'r Pwyllgor wedi cytuno i gynnal rhagor o waith craffu yn y flwyddyn newydd, ar ôl cyhoeddi'r cynllun galluogi ar gyfer yr Economi Sylfaenol. Mae Ysgrifennydd y Cabinet wedi rhoi gwybod i'r Pwyllgor o'r blaen⁵ ei fod yn disgwyl y byddai'r cynllun galluogi drafft wedi'i gyhoeddi i ymgynghori yn ei gylch ym mis Rhagfyr. Byddai'r Pwyllgor yn ddiolchgar o gael cadarnhad mai dyma amserlen arfaethedig Ysgrifennydd y Cabinet o hyd.

Materion heb eu cyrraedd

Oherwydd bod y sesiwn yn fyrrach nag y cytunwyd ar y cychwyn, roedd nifer o faterion heb eu cyrraedd yn ystod ein sesiwn graffu ar y gyllideb. Mae'r Pwyllgor wedi ysgrifennu at Ysgrifennydd y Cabinet ynghylch nifer o faterion a bydd yn cyhoeddi'r ymatebion maes o law.

Edrychaf ymlaen at glywed gennych.

Yn gywir,



Russell George,
Cadeirydd, Pwyllgor yr Economi, Seilwaith a Sgiliau

⁵ Papur ar gyfer Pwyllgor yr Economi, Seilwaith a Sgiliau ar 19 Medi.





Russell George AM
Chair Economy, Infrastructure &
Skills Committee

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11 January 2019

Dear Russell

Thank you for your letter of 10th December regarding the 2019-20 Draft Budget scrutiny session and your comments and further requests for information. I will address each area in turn.

Brexit preparedness

Whatever the form of Brexit, the UK leaving the EU will cause disruption. That is why, as a responsible government, we will continue to plan for all possible outcomes.

It is imperative that all the administrations across the UK work collaboratively to plan how to mitigate the most serious effects of a breakdown in the negotiations between the UK and the EU27 - the Welsh Government is strongly committed in doing this.

We have repeatedly and strenuously raised the need for the UK Government to properly share information on the steps they have taken to prepare. We are glad that this is beginning to happen but there is a need to increase the flow of information further. The reality is our ability to plan is limited by what the UK Government shares with us. The UK crashing out of the EU would be disastrous and that is why we have worked tirelessly against that possibility.

Despite the backdrop of uncertainty, we took action immediately after the referendum to mobilise resources and to build capability across government to respond to Brexit. This has ensured that we have engaged extensively with stakeholders right from the start to understand their concerns and priorities and to be active in setting out coherent policy positions to influence the UK Government's approach to exit negotiations and prepare for the multiple possible outcomes.

We have produced detailed, evidence-based policy proposals on how the right kind of Brexit can protect jobs and put forward proposals on trade, immigration, the future of the UK and a range of other issues once we are out of the EU. We are also providing help to organisations across Wales to get ready for Brexit with a dedicated £50m EU Transition fund. From this fund a £7.5m Business Resilience project has been approved. This funding is actively extending our capacity to help businesses prepare and respond to Brexit

challenges, and includes funding a new Business Resilience grant. We have also provided funding for a Brexit Transition Support Programme for Welsh local authorities.

Active Travel

When applying for Welsh Government funding, local authorities must demonstrate, in accordance with the Application Guidance, that they have followed the Welsh Government Transport Appraisal Guidance (WelTAG) and that they have developed their proposal using the five ways of working under the Well-being of Future Generations (Wales) Act 2015.

The Active Travel Fund frequently complements funding from other sources, such as developer contributions and other capital investments, such as relating to tourism, regeneration and enterprise zones. The grant application process encourages match funding, by applying a progressive score depending on the level of match funding, but it is not a condition of funding. The scoring criteria contain an element for monitoring and evaluation of schemes which receive funding and whether the scheme offers value for money.

The Local Transport Grant application Guidance and scoring criteria for Active Travel Fund can be found at the following links:

<https://beta.gov.wales/transport-grants-guidance-2019-20>

<https://beta.gov.wales/sites/default/files/publications/2018-12/capital-grant-application-assessment-criteria-and-weighting-19-20.pdf>

State of Roads

I think it might be helpful to clarify the £60m funding announcement further. The Welsh Government's draft budget announced on 2nd October provided for £60m capital for local authorities over 3 years (2018-19 to 2020-21) for highway refurbishment. Although the majority of the capital funding provided for local government is unhypothecated, this funding is being provided through a specific grant so that it will be used for this particular purpose.

You have asked about additionality. Highways refurbishment is capital spend and differs from revenue funded maintenance as it is for improving the fabric of the local roads infrastructure with the objective of extending the life of the asset. This should reduce the call on local authority revenue maintenance budgets in future but additionality against the revenue budgets may not be straightforwardly demonstrated. However, the normal terms and conditions of such grants would require Authorities to report the use of this funding to Welsh Government and to update their asset management plans as well as to continue to work with us to monitor and evaluate the road condition across Wales.

Rail disruption

I discussed with you the recent disruption to our rail services. Transport for Wales (TfW) experienced a combination of difficulties relating to autumn weather conditions along with damage caused to the rolling stock during Storm Callum. Engineers worked as fast as possible to rectify the issues faced by the rolling stock and normal timetable services resumed on all TfW routes from Monday 17 December.

I will continue to hold TfW to account for these matters and seek regular updates that the rail services are being delivered as we expect. TfW is committed to ensuring that routine issues such as autumn weather have less impact in the future. They have assured me that

customers across the Wales and Borders network will see a step change in availability within the year.

TfW will be replacing the entire fleet in future as part of an £800m investment in rolling stock, and £40 million is being invested in the current fleet. This investment will fund additional services in addition to customer experience and accessibility improvements. The first trains are due to arrive during 2019.

This investment in rolling stock is made possible through the structure of the contract we procured, which is funded through our ODP Agreement Grant.

The Future of Transport for Wales

Thank you for advising me of your inquiry into the development of, and governance arrangements for, TfW. I look forward to receiving your report in due course.

Business support and the Economy Futures Fund

I appreciate the Committee's interest in the Economy Futures Fund and the wider aspects of the new operating model introduced by the Economic Action Plan, including the Calls to Action and Economic Contract. These are important issues and I want to ensure that the Committee has a full understanding of the process and the opportunity to discuss any concerns it has. To this end, I would like to offer the Committee the opportunity of a technical briefing session with my officials, at which they can share with you an anonymised sample of Economic Contracts and talk you through the process.

Foundational economy

The Economic Action Plan identifies four foundation sectors (food; retail; care and tourism) where we recognise the scope to work more effectively across Government and with the sectors to maximise benefits. To guide cross-government activity, and help the sectors adopt common approaches to tackling common issues, we are committed to producing a single and integrated enabling plan. This will identify the strategic challenges and opportunities common to all four sectors and policy responses to these.

To help inform the development of the enabling plan, we have established a sub-group of the Ministerial Advisory Board on the Foundational Economy, and will be holding a workshop in February 2019 with key stakeholders and leading domestic and international practitioners. I am keen that we allow time for these experts to help shape the enabling plan and so I anticipate the enabling plan will be published in the first quarter of 2019. The £1.5m budget allocation remains available, as part of the 2017 budget agreement with Plaid Cymru, and the work with the Ministerial Advisory Board sub-group and others will help inform how that budget will be deployed to best effect.

Yours sincerely



Ken Skates AC/AM

Gweinidog yr Economi a Thrafnidiaeth
Minister for Economy and Transport