



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

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

Dydd Mercher, 25 Medi 2013
Wednesday, 25 September 2013

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Mick Antoniw	Llafur Labour
Rhun ap Iorwerth	Plaid Cymru The Party of Wales
Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives

Keith Davies	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Jenny Rathbone	Llafur (yn dirprwyo ar ran Julie James) Labour (substitute for Julie James)
Joyce Watson	Llafur Labour

**Eraill yn bresennol
Others in attendance**

Dave Gilbert	Cyfarwyddwr a Dirprwy Brif Weithredwr, Cyngor Sir Gâr Director and Deputy Chief Executive, Carmarthenshire County Council
Edwina Hart	Aelod Cynulliad, Llafur (Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth) Assembly Member, Labour (The Minister for Economy, Science and Transport)
Dr Elizabeth Haywood	Cyn-gadeirydd y Grŵp Gorchwyl a Gorffen ar y Dinas- ranbarthau Former Chair of the City Regions Task and Finish Group
Yr Athro / Professor Kevin Morgan	Athro Llywodraethu a Datblygu, Prifysgol Caerdydd Professor of Governance and Development, Cardiff University

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Olga Lewis	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Ben Stokes	Uwch-Ymchwilydd Senior Researcher

*Dechreuodd y cyfarfod am 10:57.
The meeting began at 10:57.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Nick Ramsay:** Good morning, everyone. I welcome Members, witnesses and members of the public to this morning's meeting of the Enterprise and Business Committee. Welcome back. I congratulate Rhun ap Iorwerth AM and welcome him to his first meeting in the place of Dafydd Elis-Thomas. I also thank Dafydd Elis-Thomas for his contribution to the committee over a number of months.

[2] The meeting is bilingual; headphones can be used for simultaneous translation from Welsh to English on channel 1, or for amplification on channel 0. The meeting is being broadcast and a transcript of the proceedings will be published. Would Members please turn off their mobile phones? There is no need to touch the microphones, as they should operate

automatically. In the event of a fire alarm, please follow the directions of the ushers. We have two apologies today, from Julie James and David Rees. I welcome Jenny Rathbone to the Committee. Thank you very much, Jenny, for agreeing to substitute for Julie James today.

10:58

Craffu ar waith Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth Scrutiny of the Minister for Economy, Science and Transport

[3] **Nick Ramsay:** This is our ministerial scrutiny session on city regions. I thank the witnesses for being with us today. I also thank you for the written evidence that you have provided. This is a one-off scrutiny session on city regions because of the Welsh Government's recent activity in this area. I ask our witnesses to give their names and positions for the Record of Proceedings.

[4] **The Minister for Economy, Science and Transport (Edwina Hart):** I am Edwina Hart, the Minister for the Economy, Science and Transport.

[5] **Mr Gilbert:** I am David Gilbert, the deputy chief executive of Carmarthenshire County Council.

[6] **Professor Morgan:** I am Kevin Morgan from Cardiff University.

[7] **Dr Haywood:** I am Elizabeth Haywood, the chair of the city regions group.

[8] **Nick Ramsay:** Thank you for being with us today. The first question comes from Byron Davies.

[9] **Byron Davies:** Good morning. There is an impression that there is a feet-dragging exercise going on here as things are moving forward very slowly. Minister, you made a comment in Plenary in May this year that you were concerned about the slow progress being made. Where are we with it now?

[10] **Edwina Hart:** I am concerned with the slow progress, but I am, by nature, very impatient to try to get on with things. However, we have to remind ourselves that this is a long-term project, because, where city regions have been established elsewhere, they have existed for 20, 30 or 50 years and it has been a very difficult process. It is important that we build a consensus on the issues in order to ensure that all of our partners are engaged. I am very pleased with the initial progress that we have made, particularly in the Swansea bay city region, which has developed the concept well because it had a good starting point with its regional economic strategy.

11:00

[11] I am now happy that we are proceeding with a momentum in both city regions. Professor Morgan and Dave Gilbert are my advisers respectively on the city regions. I do not know, Dave, whether you want to comment specifically on what is going on in Swansea, and then Kevin could come in. One of the most problematic areas was that there were only four local authorities to engage with in Swansea and west Wales, but I have 10 lovely local authorities to engage with in south-east Wales.

[12] **Mr Gilbert:** I will comment on the Swansea bay city region. One of the big pieces of work that we wanted to do was to have a coherent strategy for the area that was being covered. Each individual local authority, for example, had a separate economic development strategy, so one of the pieces of work that we have taken quite a bit of time on is to get a

regional economic development strategy, because that gives us a baseline. At the same time, you have to change structures. For example, yesterday, we had the final meeting of the south-west Wales economic forum. That is a group that has a governance arrangement and we are all conscious that, before we create something, we have to rationalise some of the structures that are already in existence. So, sometimes it does feel like there is no activity, but I have been quite heartened that there is support in the region and that we have a strategy that we can work to, which has also been approved by the Welsh Government. From here on in, it is about the key projects that we pick up and deliver. So, I think that there has been progress.

[13] **Byron Davies:** Are you saying that this regional economic strategy is set now then?

[14] **Mr Gilbert:** Yes. We have had a regional economic development strategy and a couple of stakeholder events, because getting the buy-in of the private sector and others is quite important. The local authorities are generally satisfied that the strategy is a fair strategy for all of us to begin to address.

[15] **Professor Morgan:** In south-east Wales, I would say that relationships have been extremely poor for decades, particularly with Cardiff and the Valleys. Things have been changing a lot in very recent times. Elizabeth's report helped to galvanise the issues and the partners. I would say that big changes are coming, both on the governance front and with respect to the identification of major city region projects. This is beginning to galvanise the entire community in south-east Wales. So, good progress has been made, especially below the radar, and I hope that it will be on the radar very soon.

[16] **Byron Davies:** May I ask you something, Minister? Dr Haywood's report was published, I think, in July 2012. Are you intending to publish a formal response to the recommendations?

[17] **Edwina Hart:** No, I do not intend to publish a formal response to the recommendations. As far as I am concerned, Dr Haywood's report has provided an excellent basis for ongoing discussion. I have accepted the general direction of travel within the report and now we are getting on and working on it. Some of the issues are not yes-or-no issues. It is far more complex than 'yes' or 'no' answers on some of the issues. Also, I have found that the best way to assist the growth of the city regions, and to make them groups that really work well together, is to allow them to develop along the lines outlined in the report and to develop consensus, which brings all parties to the table. Following on from what Professor Morgan said, even though it has been a difficult haul, we have had very successful meetings with the local authorities, discussing how they see their roles and functions. Also, we have been very pleased with the co-operation that we have had from higher and further education in the discussions, as well as business. We are finding the links into business particularly fruitful as we develop our policies with the city regions, because business has a key role to play in all of them.

[18] **Nick Ramsay:** Minister, I am just a bit confused on that. What would be the issue with giving some sort of response to that report? I understand what you are saying about it not simply being a yes-or-no answer on a number of issues, but surely a response of some sort will give people an idea of which aspects of the report the Government thinks would be most useful.

[19] **Edwina Hart:** At the end of the day, it is not for Government to impose. What we understand with the concept of the city region is that all the partners underneath have to develop a consensus about taking things forward. We will obviously be involved in giving a direction of travel and it is up to them to come forward, as they are currently doing, with projects that will have a transformational impact on the city region. Projects are then looked at in budgetary terms. Is it structural funds? Are there requirements for local authority

funding? Are there requirements for my funding? Obviously, this is coming forward.

[20] If you look at some of the discussions that have been held, particularly in south-west Wales where they are concentrating on some key tourism, you will see that transport projects are emerging as what they want to bid on—for instance, they want to look at all the connections to the ports in Pembrokeshire as being of interest to them in a city region. They want to look at what tourism projects they can have within that region. They have also agreed, only last week, that the city of culture bid for Swansea will actually be a regional bid, in terms of how they will work collectively as an authority. Then, their city region and the way that they work will actually enhance the way that that bid is prepared. If that bid is successful, they will then look at how they will work together to make sure that it benefits not just Swansea, but the wider area. I think that we are all conscious on the city of culture issues that the Cardiff bid failed because there was a lack of engagement with the partners outside Cardiff. What they want to see, in terms of the city of culture, is that it becomes regionally significant.

[21] So, I think that it all follows on nicely. Obviously, when we finalise the structures in the south-west and we finalise them within Cardiff, and we have their interim thoughts on the projects that they want to take forward, I will be more than happy to respond formally, if that would be helpful to the committee, about the direction of travel and how they are taking things forward. However, I do see our role as being key to co-ordinate at the beginning to allow them to gather their momentum. I do not think that we can take a top-down approach. They have to be comfortable with each other.

[22] **Nick Ramsay:** If they lag behind, there would have to be some sort of intervention to get them back on track.

[23] **Edwina Hart:** There may well be, but I am fairly confident that the majority will not lag behind. I think that within the city regions on both sides—and particularly in the south-west—they are really moving forward. I think that the work that is quietly being undertaken by Professor Morgan with the local authorities is taking these issues forward. We have to recognise that local authorities are also very nervous at the moment because there are reviews going on of what is happening in public services and what is happening with the future. We have to get the right balance with them. They all have something to bring to the table. We have to recognise that anything that they do must transform their region. It is not just a matter of what is going to change something in Merthyr Tydfil and what will change something in Cardiff and Newport; it has to have an effect on the whole region. These partnerships are very difficult. You can see that partnerships have not worked in some other areas of the UK. I think that it was in the Black Country that they tried to do something—was it not in your report, Elizabeth? They tried to look at Birmingham as being the centre of it, but it did not work that way. What we are trying to do is to get that consensus. With the help of other partners, particularly those partners from higher and further education, and business, I think that we will actually get there. Business is very keen that we get this absolutely right because we need business to integrate into these discussions, particularly on the structural funds programmes.

[24] **Nick Ramsay:** I interrupted Byron's line of questioning. We then have supplementary questions from Alun Ffred Jones and Eluned Parrott.

[25] **Byron Davies:** I have two quick questions, if I may. Minister, you mentioned in your response to the Chair—[*Inaudible.*]—and I cannot help thinking that enterprise zones must come into this somewhere along the line. You talked about transport and partnership working. Where does all of this fit in in the big jigsaw? You talked about transport down to the Haven, for example, and what have you.

[26] **Edwina Hart:** Yes, and, of course, there are all of the transport issues across Wales that are absolutely essential in terms of the development of the economic infrastructure. Obviously, the enterprise zones have a key role to play; and, of course, there are issues around spatial planning that need to be looked at in terms of the enterprise zones and how we looked at it in that context, along with local growth zones. So, they are definitely part of that jigsaw. Obviously, in terms of the city regions, both have enterprise zones within them and they will have close associations with them, particularly in the Haven for the south-west, and the several enterprise zones that exist within south-east Wales.

[27] **Byron Davies:** Is there evidence of that?

[28] **Edwina Hart:** These are structures that are at their first stage. I have to make it quite clear that we sometimes expect too much, too quickly in terms of the development and trust that need to be delivered in terms of partnerships. This is not a quick-fix solution. We expect this to be something that will come. Hopefully, within the next five years we will see progress with the structural funds, and particularly in the next 10, 15, 20, 25 and 30 years. It is not something where you click your finger and everyone is working together, everything is hunky-dory, and there is a project done. It is not like that. We have to build that trust, relationship and consensus all the way through. It is very important that you recognise that the city regions are a priority in terms of what we do, but that the other parts are also priorities in terms of the development of the economic development structure. I do not know whether anyone wishes to add anything.

[29] **Mr Gilbert:** [*Inaudible.*]

[30] **Dr Haywood:** I would like to say that one of the things that we tried to do in the city regions task and finish group was not to focus on the governance issue. Wales is very good at getting buried in the detail about what sort of committee or structure should run things or do things, and not concentrating on what actually needs to be delivered, which tends to be what business is focused on.

[31] So, we tried to suggest that there were a couple of ways forward. If there is a ready structure in place to take things forward, which, to some extent, there seems to be in the south-west, that is fine—there were already good, existing partnership links there and that seems to be going forward. South-east Wales was always going to be more problematic; there is a lot of parochialism and a lot of tribalism and we have not got over it. Kevin has been talking about it for donkey's years now. So, another way of doing it is to focus on 'What are the priorities?' and 'What are the priority projects that can be delivered?' If you can get consensus around one or more of those, and develop the trust that the Minister was just talking about around that, then you begin to develop a structure by osmosis, by consensus, which is very important. An obvious one for south-east Wales is the metro. Of all of the 10 authorities, I have not heard a single one talk against the metro, because they can all see that they are going to get some benefit from it. That is absolutely crucial.

[32] **Nick Ramsay:** A lot of interest is being stirred here, so, we will first go to Eluned Parrott.

[33] **Eluned Parrott:** I hope that you will forgive me if I take it one step back for a second. This is obviously a ministerial scrutiny session and I am trying to understand the policy development process that has taken place here. It is unusual, when you have commissioned an independent report, for there not to be a formal response, so I am wondering whether you view this as an independent report, or whether the authors were, in fact, acting as Government advisors to you in the policy development process, Minister.

[34] **Edwina Hart:** It was an independent report and I was delighted with it, because it

fitted in very nicely with where I wanted to go in terms of city regions. With due respect, you are getting too hung up on process. Once I had the report and I had the basis of it, I thought that it was important to get on with it and that is what we have been trying to do—successfully in some areas and not so successfully in others. But, I concur with the comments that Dr Haywood made, in that we are now getting them to concentrate on projects for the new city regions. The metro is a fine example where there is absolute consensus within an area to get on with the project. We hope very much now, by the end of this week, that Mark Barry will have completed his further work on the metro project, which will then be up for discussion. We will then look at how to take that forward. I am hopeful that everybody will agree that it is a good project to take forward and we will look at the funding mechanisms around it.

[35] That is not the only project in the area that they are interested in looking at. For instance, they are very supportive of the M4 in any way, in terms of what we need to do. They will carry on looking at how they want to deliver on those types of projects. So, we are going to the heart of taking projects forward.

[36] **Nick Ramsay:** Commuters on the rolling stock on the Valleys lines will also be looking forward to the metro line being upgraded. [*Laughter.*] I will now bring in Alun Ffred Jones, then Mick Antoniw.

[37] **Alun Ffred Jones:** Mae fy nghwestiwn i Dave Gilbert. Rwyf am fod yn glir ar hyn. Rydych chi'n sôn am fforwm economaidd y de-orllewin, ond a ydy'r fforwm hwnnw'n mynd i ddiflannu o dan y drefn newydd?
Alun Ffred Jones: My question is for Dave Gilbert. Just for me to be clear on this, you mentioned the economic forum in the south-west, but is that forum to disappear under the new regime?

[38] **Mr Gilbert:** I am struggling with the translation equipment. This is my first visit. Please bear with me for a second.

[39] **Nick Ramsay:** The volume is on the left side of the handset.

[40] **Edwina Hart:** Is it all right now?

[41] **Mr Gilbert:** Yes, I have it on now.

[42] **Alun Ffred Jones:** Y cwestiwn oedd: rydych chi'n cyfeirio at fforwm economaidd y de-orllewin, ond a fydd y fforwm hwnnw'n diflannu pan fydd trefniadau mewn lle ar gyfer y dinas-ranbarth?
Alun Ffred Jones: The question was: you mention the economic forum for the south-west, but will that forum disappear when the new arrangements are in place for the city region?

[43] **Mr Gilbert:** That is the intention. The forum met yesterday in formal session and there was agreement that the role of the forum would be a duplication of the new city region, bearing in mind that the south-west Wales economic forum has the same boundaries as the Swansea bay city region. So, there was consensus from the stakeholders yesterday that we would wind down now and finish the forum, and that we would give redundancy to the secretariat of the forum. The employer of the forum is Pembrokeshire County Council. That was formally agreed yesterday.

[44] **Alun Ffred Jones:** Beth fydd y gwahaniaeth rhwng trefniadau newydd y dinas-ranbarth a'r fforwm?
Alun Ffred Jones: What will be the difference between the new arrangements for the city region and the previously existing

forum?

11:15

[45] **Mr Gilbert:** The forum had resource for a secretariat, but the forum itself did not deliver any projects. I think the difference with the forum and, if I may say so, with the old spatial planning process is that the intention this time is for the structure to be backed with resource, from the local authorities, from the Welsh Government or from the structural funds. That is a key difference that we see, in that we have a strategy and we have agreement to it, and what we need to do is to try to deliver that strategy in a more co-ordinated way. I think that the resource issue is a key difference.

[46] The forum was more of a lobbying voice to articulate the needs of the region, whereas the new structure will be more about how we can deliver some of those aspirations and have some ownership in the region for the priorities as well.

[47] **Alun Ffred Jones:** Diolch yn fawr. **Alun Ffred Jones:** Thank you. I think that Credaf y bydd Mick Antoniw am fynd â hyn Mick Antoniw will want to take this forward. ymlaen.

[48] **Mick Antoniw:** This is just to get this out of the way. On the governance structure—I will have some other questions later on the governance issue—the recommendation initially suggested that a specific Minister needed to be designated for this. What seems to be suggested now is that, in actual fact, a co-operative approach would be more workable, with the Welsh Government's role being to oversee that. Is that a correct interpretation?

[49] **Edwina Hart:** Yes. Currently, they report back to me, and with the project development that they will be taking forward, they will come back to us, because they might need some core funding. We will do it on that basis. Obviously, any decisions about Ministers for city regions are matters for the First Minister.

[50] **Mick Antoniw:** Absolutely.

[51] **Edwina Hart:** Obviously, they are not for me. We feel currently that we would host the city region, as it were, within my department, because it is about economic regeneration, but we do co-ordinate across Government. Of course, now that transport has been added to my portfolio, it makes the city region discussion easier from the perspective of my portfolio, but, obviously, we would have a link to other Ministers. We originally had a group of officials who co-ordinated it, and we may return to another officials group internally as the city regions evolve, because, clearly, there is regeneration funding that might have an impact, because we are looking at regeneration proposals and other activities. For instance, I indicated that the city of culture was going to be bid for, as it were—the city region is supporting it. There will therefore be engagement with the Minister for Culture and Sport. So, it has all got to come together.

[52] I think the point is that this is an evolving agenda. They are, at present, advisory to me, but once they start to get embedded, they will then have to look at what further role they need and how we will further have to look at governance issues.

[53] **Nick Ramsay:** So, although it is a decision for the First Minister, you are quite comfortable with the present arrangements.

[54] **Edwina Hart:** Oh, yes; I am very happy with the current arrangements. I have to be frank about the fact that I have engaged quite actively with all the local authority leaders and with all the parties concerned in the development of the city region. Hopefully, we will get

consensus on some of the outstanding issues very shortly.

[55] **Nick Ramsay:** Great. Okay, Alun Ffred Jones, did you have some further questions?

[56] **Alun Ffred Jones:** Bore da, Weinidog. Mae'r cwestiynau sydd gennyf i ynglŷn ag adnoddau a blaenoriaethau. Rydych wedi nodi nad ydych am roi ymateb ffurfiol i'r adroddiad. A yw'r Cabinet wedi cytuno bod y syniad o ddinas-ranbarthau'n flaenoriaeth?

Alun Ffred Jones: Good morning, Minister. The questions that I have are about the priorities and resources. You have noted that you will not give a formal response to the report. Is the Cabinet in agreement that this idea of city regions is a priority?

[57] **Edwina Hart:** Obviously, the Cabinet is aware of all the discussions that have taken place on city regions. Cabinet members support the direction of travel for city regions. In fact, Jane Hutt, as Minister for Finance with responsibility for the delivery of European structural funds, is due to meet the city region in the south that is based around Swansea to discuss how it can assist in the discussion and in the development of the structural funds programme when it comes in. So, I think it is embedded quite clearly in the psyche of the Cabinet, and we are taking this forward in terms of our policy development.

[58] **Alun Ffred Jones:** Rwy'n derbyn nad ydych am inni ganolbwyntio ar y broses, ac nid wyf wedi edrych ar gofnodion y Cabinet, ond a oes cytundeb yn y Cabinet fod hon yn ffordd o ymdrin â datblygu economaidd y maent am ei chefnogi ar draws eu portffolios?

Alun Ffred Jones: I accept that you do not want us to concentrate on the process, and I have not looked at the Cabinet minutes, but is there agreement in the Cabinet that this is an approach to economic development that they want to support across their portfolios?

[59] **Edwina Hart:** Yes, of course my Cabinet colleagues wish to support this; the city regions were outlined to them originally in terms of the work that we were undertaking. If you recall, the city regions were not looking at certain issues at the beginning, but when transport came into my portfolio, transport also then became part of the focus of city regions.

[60] I am not sure where this question comes from, Chair, in real terms, because we operate as a collective in the Cabinet, and I have the full support of my colleagues, and that of the First Minister, for the development of this policy agenda.

[61] **Alun Ffred Jones:** I droi at yr adnoddau, pa gyllid sydd wedi cael ei ddyrannu gan Lywodraeth Cymru i ddatblygu'r dinas-ranbarthau?

Alun Ffred Jones: Turning to resources, what funding has been allocated by the Welsh Government to develop city regions?

[62] **Edwina Hart:** In due course, we will be assisting with the secretariat, and we have had very interesting discussions about that. That has yet to be finalised for south-east Wales. It will involve us and other parties providing resources for the secretariat. We are currently looking at providing resources for the secretariat in south-west Wales, which is currently based in Neath Port Talbot local authority, which was happy to accommodate it. However, all local authorities have agreed that they will help and assist with any costs incurred because of meetings et cetera.

[63] In terms of any money that will be available for projects, when they come forward, we will look at how we can help and assist with those projects. I have asked them to come forward with suggested projects to see whether any money is available from my budget, and for them to look into the long term at what projects will have structural funds available to them. If projects go into areas that are covered by other Cabinet colleagues, there will have to

be discussion on that.

[64] **Nick Ramsay:** The next question is from Mick Antoniw.

[65] **Mick Antoniw:** Minister, I have a couple of questions with regard to what may be required in respect of a legislative programme. [*Interruption.*]

[66] **Nick Ramsay:** Sorry, there seems to be some sort of interference.

[67] **Mick Antoniw:** As the regions develop, we have a certain amount of legislation coming forward on areas, such as the planning Bill, the future generations Bill and so on. Do you have any particular view as to whether there will be a need for legislative intervention, or even possibly a need for specific legislation relating to transport matters and so on?

[68] **Edwina Hart:** I am not currently considering any specific legislation on city regions, but you make a good point that there is an opportunity with the planning Bill et cetera to look at some of the issues around city regions, which I think Dave and Professor Morgan will agree with. That might be one of the areas that we will want to look at. In terms of transport, with the development of the metro we might want to look at what vehicle will be there to run it, and how that will link to the city region. I feel that there is also a role for the city regions in terms of their involvement in running the metro and transport issues.

[69] **Mick Antoniw:** That brings another interesting aspect to it, because something as potentially large as the metro—I do not want to push it, because we are awaiting the report to be published in October on Mark Barry’s work—means that you can end up with a situation where you almost have a collaborative approach between the two city regions in respect of a single object. It is almost a south Wales cities region. Does that create any particular issues or needs for developing a governance model?

[70] **Edwina Hart:** If we are being absolutely honest—Elizabeth might want to comment—it was very hard to get to the situation of having two city regions. If you look at Wales and at city regions elsewhere, you will see that we would have one city region in the south in terms of the population base. That is why there has been so much difficult discussion about north Wales because of the population base. I do not know whether Elizabeth wants to comment on that. However, we foresee that close working between the two city regions on projects that might benefit both will be absolutely key. Once we can bed down the city region around Cardiff in terms of being able to announce its chair and structure, they can start to have a dialogue between them. I do not know, Elizabeth, whether you want to comment on this, because this was a very difficult area, was it not?

[71] **Dr Haywood:** Kevin will remember that we had numerous discussions on this within the task and finish group. My honest opinion initially was that we would end up with an industrial south Wales-type of city region. However, it is not there—it does not exist. Bridgend acts as a divider between the two, with the commuting and the leisure travel going in two different directions from Bridgend. The south-east Wales and Cardiff city region is much more coherent, as is the Swansea bay one, rather than there being one region between the two. That may be a function of existing transport arrangements. However, I was also very careful to say in recommendation 3 of the report that

[72] ‘the two city regions must establish collaborative arrangements to avoid unproductive rivalry. Without such complementarity any benefits from the city region approach are doomed to failure.’

[73] So, if the metro can provide not only the key focus for a south-east Wales city region, but also a vehicle for that collaborative arrangement to start to develop, then, hurrah, we have

killed two birds with one stone.

[74] **Nick Ramsay:** Rhun ap Iorwerth, did you have a supplementary question on this?

[75] **Rhun ap Iorwerth:** Oedd, i fynd yn ôl gam mewn ffordd at y cwestiwn ynglŷn â'r angen am ddeddfwriaeth newydd. Rwy'n gwybod bod Dr Haywood yn ei hadroddiad wedi argymhell os ydym am brofi ein bod yn cymryd hwn fel mater hirdymor, mae'n bosib bod angen ystyried deddfwriaeth newydd. Mae gennyf ddiddordeb yn y berthynas rhwng y Llywodraeth â'r rhai a fydd yn gyrru'r dinas-ranbarthau eu hunain. Gan bwy fydd y pwysau'n dod am ddeddfwriaeth newydd? Ai gennych chi fel Llywodraeth, a fyddai'n dangos ymrwymiad hirdymor y Llywodraeth i hyn, neu a ydych yn disgwyl i geisiadau am ddeddfwriaeth newydd ddod gan y rhanbarthau eu hunain?

Rhun ap Iorwerth: Yes, to take it a step back in a way to the question on the need for new legislation. I know that Dr Haywood in her report recommended that if we are to prove that we are taking this with a view to the long term, it is possible that we need to consider new legislation. I am interested in the relationship between Government and those who will be driving these city regions. From where will the pressure come for new legislation? Will it be from you as a Government, which would show a real long-term commitment to this, or do you expect bids for new legislation to come from the city regions themselves?

[76] **Edwina Hart:** I think that the jury is out on the question of legislation at the moment. I would like to bed down the structures that may emerge and get the confidence in what they are doing. I think, at the end of the day, if we need to look at legislation, it will come jointly from both of us, because we will all see what is actually emerging in terms of what we may well need to do in the long run. I have not ruled it out because I think it is something that we have to keep, but we have to let these city regions bed down in the next 12 months. We have to let them find their feet and develop their projects, and then I think we will see what will come out of them and what they might require in legislation terms.

[77] One of the areas to be looked at is transport. Currently on transport, the city region really needs to be in the driving seat on transport arrangements. I will be making an offer to the city regions to discuss with me how this can best be served. If we move to a metro, what type of model would we use for the city regions to be engaged? That is when the issues of governance will start to kick in, when we are talking about large scale projects like that. So, when we have the report, and the city regions in particular have the opportunity to look at it, that is the time to start the dialogue—when we are starting to look at how to fund the metro, how it would work and who would do it. It might be a very complicated financial model that might involve the local authorities and what assistance they could bring to the table. We are not quite at that stage. I think it is something, Chair, that would be well worth us returning to in 12 months' time, when we look at what we are doing in terms of where we are going on the development of these projects. However, at the moment, I am at that stage. I do not know whether Kevin feels the same.

[78] **Nick Ramsay:** Elizabeth Haywood, did you want to say something briefly on that?

[79] **Dr Haywood:** Something quickly, yes. The Minister is absolutely correct to focus on what we actually want to do, what we can deliver and projects before leaping into the legislative field. My report, you are quite right, does say that we probably will need some legislation, but I think it would be wrong to head straight for the legislative path, because we might then find that we are putting in the wrong legislation. Where I do think that this needs to be considered is in the many Bills that are now coming forward. For example, both the future generations Bill and the planning Bill definitely need to focus on the fact that there are city regions, how they are going to be incorporated and to make sure that the legislation covers that.

[80] **Professor Morgan:** It is as well to be aware of how we are proceeding here. This is not some kind of Soviet-style Gosplan that we are trying to roll out that is pre-scripted. We are building the road as we are travelling—

[81] **Nick Ramsay:** I am relieved about that. [*Laughter.*]

[82] **Professor Morgan:** We are building the road as we travel and the legislative challenge will emerge when we see the shape of the problem. So, it is a very pragmatic approach, but it has a grand vision, in a sense, in terms of the elements of it, including the metro, of course. However, the details—

[83] **Nick Ramsay:** But, no Soviet five-year plan.

[84] **Professor Morgan:** Not yet. [*Laughter.*]

[85] **Dr Haywood:** It may happen.

[86] **Nick Ramsay:** Okay. I need to move things on; there are still a number of questions. Keith Davies is next on issues of governance.

[87] **Keith Davies:** I thought Mick was taking this—

[88] **Mick Antoniw:** I think I have asked all my questions on governance.

[89] **Nick Ramsay:** Mick has covered his questions.

[90] **Keith Davies:** Yr unig gwestiwn sydd gennyf yw hyn: beth fydd yn digwydd i adrannau eraill y Llywodraeth? Er enghraifft, gwelsom yr wythnos diwethaf, o ran 'Lleoedd Llewyrchus Llawn Addewid' a phethau felly, bod arian mawr wedi mynd mas i awdurdodau. A yw'r Llywodraeth yn edrych ar beth sydd gyda chi yn yr adroddiad hwn ac yn dweud, 'Wel, mae'n bwysig bod y cyllid yn mynd mewn i'r rhanbarthau hyn, neu ni fydd pethau'n digwydd'?

Keith Davies: The only question I have is this: what happens to the other Government departments? For example, last week we saw, in relation to 'Vibrant and Viable Places' and things like that, that huge funds had gone out to the authorities. Is the Government looking at what you have contained within this report and saying, 'Well, it is important that the funding should be delivered to these regions, otherwise things will not develop properly'?

[91] **Edwina Hart:** Yes, I think that there is a consensus across Government that once the city region structures are fully in place, we will have to use them as the basis of future delivery. Any delivery that we do must not always just be of direct benefit to the individual town or individual authority; sometimes the money has to be used more globally and for what proves to be the appropriate structure. I think that the issue on this is that we have to understand that we have a role in terms of the issues about what they do. We can set the direction and send the signals out, but what we really want is for them to work towards it and understand the need in terms of collaboration. That is why, when I look at it in the future—and I will look at governance models—I will be asking them what they think is most appropriate in their city region, so that we can get a consensus on it. I think that that is the only way in which we can proceed.

11:30

[92] **Keith Davies:** Rwy'n falch taw chi sydd â chyfrifoldeb am drafndiaeth, **Keith Davies:** I am pleased that you have responsibility for transport, because, over the

oherwydd dros y pedair blynedd nesaf, byddwn yn edrych ar gytundebau yn lle'r rhai sydd gyda Trenau Arriva Cymru, er enghraifft. Mae'r rheini yn mynd i weithio yn y de-ddwyrain a'r gorllewin, felly bydd y cytundebau newydd yn hollbwysig i ddinas-ranbarthau.

next four years, we will be looking at a replacement of the agreements that Arriva Trains Wales has, for example. They are going to work in the south-east and the west, so the new agreements will be crucially important for the city regions.

[93] **Edwina Hart:** Yes, they will be crucially important. I can tell you one thing: one of the areas that they are really interested in in the city regions is the transport agenda. If I could digress for one minute—it will be helpful for this report, because you will be looking as a committee at the Deeside-north Wales links as well as some of the areas here—I have been very concerned about the fact that there was no city-region-type structure in north Wales. I have asked Lesley Griffiths, the Minister for local government, to take forward a small group, which will involve business and local authority leaders in north Wales, to advise on issues around the rail network up there and electrification and what they need to do in terms of engagement with the Mersey Dee Alliance on the transport links, which are points that have been made around this table to me. She is getting a group together, so we have not lost out on that part of it. Even though we are talking about the city regions in south Wales, I am acutely aware of the responsibilities that I have in north Wales.

[94] **Nick Ramsay:** A question now from Joyce Watson.

[95] **Joyce Watson:** Good morning, Minister. I want to talk about Barnett consequentials. The UK Government says in its city deals policy that any Barnett consequentials would be ring-fenced. Have we in Wales received any Barnett consequentials, and, if we have, have they been ring-fenced to support the city-region approach?

[96] **Edwina Hart:** No, we have received no direct consequentials.

[97] **Joyce Watson:** Okay, so that is pretty clear—

[98] **Mick Antoniw:** Chair—

[99] **Nick Ramsay:** Let Joyce finish her point, and then you can come in, Mick.

[100] **Joyce Watson:** So, that being the case, may I ask whether you have a view on the potential impact of the UK Government's city deals initiative, particularly given the proximity and the potential for competition between the Bristol city region, for example, and the south-east Wales city region?

[101] **Edwina Hart:** I think that it is quite complex in England in terms of how they deal with things, because they are very different to us, because they have different governance arrangements. They have mayors, do they not? They have the county structures, and it is extremely complicated. So, their agenda is totally different from ours in that sense, but you alluded to it as well—I do not know whether any of the advisers want to comment about it.

[102] **Dr Haywood:** Again, we looked at the possibility that there might be a city region—because we were not specifically looking at the boundaries, as you know, considering what we had looked at in north Wales—across or between Cardiff and Bristol. That is, as my grandson would say, a step too far. Maybe that is for some time into the future, long after most of us are dead and buried. However, the links are, surprisingly, not there. I thought that there would be more in way of linkage than there is. However, it is clearly important for the two city regions on either side of the water to keep an eye on each other and, ideally, to be complementary—and probably even more so for Newport, because Newport is even closer.

So, there is a real need to make sure that there is not a clash here, that everybody is not trying to say, 'Me too, me too'.

[103] **Nick Ramsay:** There are the Severn bridges.

[104] **Dr Haywood:** Sorry?

[105] **Nick Ramsay:** You said that the connections are not there, but there are quite strong connections between this Cardiff city region and Bristol.

[106] **Dr Haywood:** What we were looking at was the number of people who are commuting every day and the amount of—. One of the things that we looked at was telecommunications, which was very interesting, and south-east Wales was extremely—I will not say insular, but it was self-contained, whereas, in the rest of Wales, the telecoms stretch right across the border, and you did not see the border at all. I found that quite interesting. I thought that there would be much more linkage between the Bristol city region and the south-east Wales one.

[107] **Nick Ramsay:** I will bring Kevin Morgan in briefly, and then we have a number of supplementary questions.

[108] **Professor Morgan:** Just very quickly on that point, Elizabeth is absolutely correct in what she says, but current data reflects the past and the present. What we can see emerging—what is coming, if you like—are very strong linkages between south-east Wales and the west of England. I am thinking particularly of the Great Western Research alliance between Cardiff University and the universities of Bristol, Bath and Exeter in life sciences, renewable energy and regenerative medicine. There are deep links being forged. Wales and Bristol lobbied in Whitehall, I understand, on electrification of the Great Western line, because western Britain had been left out of the agenda in terms of high-speed connectivity. So, one can see new linkages evolving, so we should not just be trapped by current and past patterns.

[109] **Nick Ramsay:** Okay. There are lots of questions. Alun Ffred Jones, did you have a supplementary question?

[110] **Alun Ffred Jones:** Hoffwn ofyn i Dave Gilbert—ac efallai i'r Gweinidog, hefyd—fynd yn ôl at y busnes llywodraethu hwn, achos fy mod yn derbyn eich bod eisiau canolbwyntio ar brosiectau, ac yn gweld y peth yn datblygu yn organig, ond dywedasoch, Mr Gilbert, bod y fforwm economaidd yn gorff sy'n cynghori ac yn annog pethau i ddigwydd, felly rwy'n cymryd y bydd y corff newydd hwn â phwerau gweithredu a rheoli. A ydwyf yn iawn i ddweud hynny?

Alun Ffred Jones: I would like to ask Dave Gilbert—and perhaps the Minister, too—to return to this issue of governance, because I do accept that you want to concentrate on projects, and see this developing organically, but you said, Mr Gilbert, that the economic forum was an advisory body, and encouraged activity, so I assume that this new body will have implementation and governance powers. Am I right in saying that?

[111] **Mr Gilbert:** The economic forum was a group of interested stakeholders articulating what they thought were the needs of the area. I think the new arrangement is a step further than that in the sense that the region would have more ownership. As well as 'What are the priorities?', it would ask, 'How could those priorities be delivered?' I think everybody should be aware—. I work for a local authority, but I recognise that, in economic development terms, it is only really the local authorities that are obsessed with their boundaries. I think that we have grown up, in a way, to realise that a decision 10 miles away in a different authority will have an impact on us.

[112] I think the key to a lot of this is to take people together with a common interest consensually as far as you can, and that, I think, is what we are trying to do to progress things. If I could perhaps give you an example on the skills side, in the south west we have developed this regional learning partnership model where all of the stakeholders have come together, and the aim of that is to try to remove the duplication between the various providers. One of the things on the city region—and the Minister was keen on this—was that we did not duplicate the work of the regional learning partnership in the city region, but actually integrated that work in the city region. So, on the governance, two of the members of the regional learning partnership will be part of the city region group that takes it forward. It is trying to get this integration in reality rather than on a superficial basis that will make the difference.

[113] I experienced the spatial plan process, and there was a lot of good work in the spatial plan; I think it got negativity because a lot of work went into it but it tended to stay on the shelf. I think the lesson that we learned from that was that, if you articulate it, and everybody agrees with it, you have to move it forward and deliver something as a result of it. That actually is the key difference. The economic forum was excellent in bringing various stakeholders together, because everybody should have an interest in economic development in their region. I think it was very good to articulate it, but when it actually came to the delivery of some of the projects, it did not have the tools to do the job. That is what we are trying to establish as a different way forward.

[114] **Nick Ramsay:** The spatial plan seemed to leave the Assembly when Andrew Davies left his role as Minister. I have not heard it mentioned much since. Two supplementary questions, then—

[115] **Alun Ffred Jones:** Nid wyf wedi cael ateb i'm cwestiwn. Roeddwn yn gofyn, yn wreiddiol, beth yw'r gwahaniaeth rhwng y fforwm a'r dinas-ranbarth o ran gweithredu. Roeddwn yn gofyn a fydd pwerau gweithredu gan y corff newydd hwn. Rydych wedi rhoi enghreifftiau o sut yr ydych yn cydweithio, ond gallech wneud hynny o dan unrhyw drefniant arall. Rwy'n gofyn: a ydych yn rhagweld y bydd y corff newydd hwn â phwerau gweithredu? Mae hynny'n golygu y bydd pwerau neu arian yn symud o awdurdodau lleol i'r corff newydd, ac efallai o gyrff eraill—SEWTA, er enghraifft, o bosibl. Rwy jyst yn gofyn a ydych yn gweld y corff newydd fel corff gweithredu. Efallai bod y Gweinidog mewn gwell sefyllfa i ateb.

Alun Ffred Jones: I have not had an answer to my question. I asked, essentially, what the difference is between the forum and the city region in terms of implementation. I asked whether the new body will have executive powers. You have given some examples of how you collaborate, but you could do that under any arrangement. I am asking: do you anticipate that this new body will have executive powers? That would mean that powers or funding would move from local authorities to the new body, and perhaps from other bodies—for example, SEWTA, perhaps. I am just asking whether you see the new body as an executive body. Perhaps the Minister is in a better position to answer.

[116] **Edwina Hart:** There is a possibility that that is how it will evolve, and you are perfectly correct in your allusion to what might happen in terms of transport. That might be one of the areas that it would be useful for it to look at. What I have asked them to do at the moment is to look at governance structures at work. If you want an honest answer, the city regions have people on them who are empowered to make decisions on behalf of their organisations. The economic fora did not. So, we have the people who can actually make decisions. For instance, when four local authority leaders talk together in south-west Wales, they can develop whatever issues they want to together and then go back to their authorities and say, 'This is what we want to do collectively'. That would not have been the case in terms of the economic fora, but it is the case there. We have now agreed the membership from the

regional thing, and the vice-chancellor might speak on behalf of the learning partnership; he will be speaking on its behalf, because he will know exactly the direction of travel that the learning partnership will take.

[117] We are in the early stages of this. It could take us another few years in terms of the way in which they see themselves settling down. The structures could be different from east to west. I am not going to rush this model. I am going to ask them to come forward to see what they think is appropriate for them at every stage. As they evolve, and they might want to take on more, and, as they collaborate, they might look at that. However, we also have to recognise that, across all of this, there is a review going on about structures in the public sector, with Sir Paul Williams about to report. So, I have to be cognisant that that is happening in the background. So, at the moment, I am keen to see what is emerging definitively from south-west Wales and how it wishes to take this forward in proceeding. In its discussions, it is lining up the projects, getting everything in order to go for bids and deciding what it wants to support—not saying, ‘That is in Pembrokeshire; I do not want anything to do with it’, but saying, ‘That is good for the region’. When we get to the same position in south-east Wales, which, I think, will definitely coalesce around the metro as a key project for it, we can then look strategically at how it will advise me and how it thinks its governance structures should emerge. This is not a top-down approach; it is a bottom-up approach, because it has to last, irrespective of what changes may or may not come to other structures and organisations. The city region will exist whether there are 10 local authorities on one side or four on the other side. It will still exist.

[118] **Nick Ramsay:** Minister, I really hope that you are right on this and I think it is a noble approach, but, when you are talking about that sort of time span, is there not a danger that there will be some lagging behind in certain areas and that this could become a very slack situation?

[119] **Edwina Hart:** Lagging behind what?

[120] **Nick Ramsay:** Well, if you are allowing a three-year time span, and you are allowing them to—. It will need some sort of strategic guidance and I am just interested to know what happens if they do not keep up with the sort of timescales that you want.

[121] **Edwina Hart:** The city region is a structure that is accepted across Europe in terms of how you manage European structural funds. I think the fact that they know that they have to bid collectively and have to do projects collectively and that this is the direction of travel that is being taken by the Government will be a focus for attention. We cannot deliver the metro without the agreement of the 10 local authorities that are immediately involved in it. That is a gain for every single local authority within that area. We have to have confidence in the fact that there is now a greater understanding about collaboration. There is also an understanding in this very difficult world, in terms of public finance, that, if you do not collaborate, you cannot get anything. That is a useful lesson. So, I think that we are in the right area to look at it.

[122] If they cannot collaborate, then that is a different agenda, but I have had no indication yet, even though we have had some very difficult discussions, that anyone does not want to do it. It is a question of getting over a fear. People do not want to feel that they are second-class citizens in any structural arrangement, but it is about getting first-class services for the people out there, not about worrying whether you are on the primary committee that is running the city region or might just be on a bit that fits in. We have to get away from this mentality that 40 of you all sitting down at a table together makes the decision-making process great. We have to get to the position where those who can actually make decisions—as long as they have representatives behind them discussing things—can make them. That is why businesses have been so good. The Institute of Directors and the Confederation of British

Industry have said, 'Let us help with developing all of the business layers underneath, so that the business people that are involved link back in to them for the discussions that need to be held so that our voices are heard on this'. That is quite important and it is a good example.

[123] With the local authorities, particularly on the eastern side, the authority leaders will have to meet together and will have to have representatives on that board. They will have to get consensus. They cannot all sit on the main board. Life is not like that. We have to have this strategic change to understand that we have to deliver projects that are fit for purpose in the century that we are in to get public services moving and for economic regeneration.

11:45

[124] **Mick Antoniw:** Briefly, Minister, at the core of this is that, for the first time, there is strategic co-ordination of borrowing powers of the participants.

[125] **Edwina Hart:** That could well be.

[126] **Rhun ap Iorwerth:** Nid oeddwn yn hollol hapus â'ch ateb ar Barnett a symiau canlyniadol Barnett, yn ateb yn berffaith glir nad oedd dim. Pa ymgais a wnaed i weld a fyddai arian canlyniadol? Mae'n fy nharo i, os yw *city deals* yn Lloegr yn rhaglen benodol ar ddatblygu economaidd, y gallai fod y math o beth y byddai symiau canlyniadol yn dod yn ei sgîl. Dim ond cwstiwn sydd gennyf am y gwaith a gafodd ei wneud i edrych ar hyn.

Rhun ap Iorwerth: I was not completely happy with your response on Barnett and Barnett consequentials, noting quite clearly that there were none. What effort was made to see whether there would be any consequentials? It strikes me that if city deals in London is a specific programme for economic development, consequentials could come as a result. I only wanted to ask about the work that was done to look at that issue.

[127] **Edwina Hart:** I do not want to be uncharitable about the city deals programme in England. It is always good to have a programme if there is funding attached to it. There is a thought that the city deals programme in England is only trying to help maintain the momentum of the localism agenda, in light of the fact that there are so many failed mayoral elections and political developments across the border. I will certainly take this up to see whether I can find out any more information about the consequentials for you, but it would have been a matter for the Minister for Finance.

[128] **Jenny Rathbone:** It is good to hear that the 10 local authorities in south-east Wales are all keen to develop the metro. That is excellent. In order to deliver electrification, we are going to need some European funding. Under the next programme for European funding, there will need to be a much clearer idea of the outcomes. As the structures are still rather fluid, who is going to be delivering the number crunching that will be required to get this money? The new programme starts next year.

[129] **Edwina Hart:** We have already started, with the report that Mark Barry is going to produce. We will then be looking at the costings of the project, looking at the available percentage of European funding, at what we need to do to match any European funding and looking at where that will come from. You are right that we can look at the 10 local authorities, especially if they are in a solid partnership, for what they may wish to bring to the table. Would they wish to borrow? Would they wish to issue bonds? There is a range of innovative issues on this agenda. This is why we have to get the city region up and running and concentrating on core projects. We cannot get that sorted until authorities have agreed to work and have their key projects lined up.

[130] If, like the Chair—who is obviously a pessimist—you feel that there may be issues

around the fact that they will not get their act together, we will have to take the lead on the metro project and take the willing partners with us. That would be madness on the part of local government, because the metro will start to open up land and opportunities for economic regeneration that authorities have not, perhaps, thought about. It might help them with the development of their local development plans and some of the housing issues; there are a lot of issues in this. That is why Mick's point about the planning agenda was so significant. That might emerge when you start to have an adult discussion about what an economic region looks like.

[131] **Nick Ramsay:** I did not mean to come across as a pessimist, Minister. I was just demonstrating a healthy scepticism, which I thought might be helpful.

[132] **Jenny Rathbone:** In order to be clear about the outcomes that the EU will require, we will have to be clearer in the south-east Wales region about some of the more controversial issues around housing, for example—everybody wants housing, but they do not necessarily want it next door to them. Other important aspects, such as the Active Travel (Wales) Bill, are crucial, and they are all linked. I just wondered how we will take this forward, in the absence of the partnership that we hope will get going very soon.

[133] **Professor Morgan:** I have just a couple of points on the European funding side. I think that it is well known that the Welsh European Funding Office will prefer for the next programming period to be identifying transformative backbone projects. We hope that the metro is one of those. I hope that the innovation campus in Cardiff is one of those—situated in Cardiff, but an asset for the whole city region. Those are the kinds of transformative projects that we have in mind. We are hoping to open up dialogues with WEFO to unlock some of these funds. As you say, there are challenges in joining up these dots between the city region plan, issues about connectivity—that is, transport—issues to do with innovation and economic development, and issues to do with housing. The city region gives us a strategic framework in which we can begin to address those issues, I think, probably, for the first time on a truly strategic basis. That is the big prize here: to join up these dots between transport, housing, economic development, connectivity and so on. That is what we are hoping for.

[134] **Jenny Rathbone:** I am sure that we all share that excitement, but I think that it is an issue in terms of getting citizens engaged and ensuring that they feel that they have a say about the bits of it that they think affects them. There are big headlines that everyone signs up to, like the metro and that we all want more jobs, but once you get into detail, how are citizens going to feel that they have a stake and a say in this grand plan?

[135] **Edwina Hart:** I would say that that would be through the ballot box if local authorities are involved.

[136] **Jenny Rathbone:** So, they are dependent on their own local authorities.

[137] **Edwina Hart:** Exactly. There is an issue on this. There is a political dimension. Let us be frank: this is not easy. If it was easy, this collaborative working would have been done a long time ago between 10 local authorities and all of the partners. We are striving to get to that space, which I think we will do; we will then be able to make announcements. Then, it is up to the city region to gain the momentum in terms of taking their citizens with them. We have no difficulty in anything to do with innovation campuses and the metro, but people simply want to see that all of this money that they might be putting in will have a positive outcome for them. So, that means that they can travel quickly and more efficiently to the job that they want to get to. They will see that as an advantage. If they see land that was previously wasteland now being developed for economic development purposes or used for leisure purpose or even for housing, and it looks better, that would make a change to their environment. So, citizens will start to see things. If citizens are not happy with the direction of

travel of their local authority, as partners in this, they inevitably have the ballot box.

[138] **Professor Morgan:** If I may just add one point to that, we hope and believe that the Mark Barry report will open up a wholly new public debate about how to join these things up. Jenny, you asked about housing; the transport vision has a huge impact on housing. For example, instead of having a scattergun approach to housing development in the Valleys, let us say, as current LDP plans suggest, we will have more of what I would personally call a Stuttgart approach. The Minister has just licensed a fact-finding mission to Stuttgart in December to look at the relationship between public transport, housing and economic development, for example. The Stuttgart model is a very simple model. They have a world-class S-Bahn system, and housing and commercial development hug that public transport corridor. It is a simple model, but it is a profoundly effective one. I, for one, hope that we adopt that kind of Stuttgart thinking when we come to think about the residential implications of Mark Barry's vision for the metro.

[139] **Nick Ramsay:** Minister, are you on a tight time schedule for leaving at 12:00? I am just aware that we have a few more questions for you.

[140] **Edwina Hart:** We will try not to be so loquacious in answering.

[141] **Nick Ramsay:** There are seven minutes left. Eluned Parrott has a question on monitoring.

[142] **Eluned Parrott:** Minister, I think that you raised a very important point about democratic accountability in terms of the general public: if they are not happy, they use the ballot box. However, they are only able to do that, are they not, Minister, if they clearly understand and are able to see who is responsible for what? If you do not get the governance right, that democratic accountability actually does not work at all. We have a problem here, do we not, in the partnership approach? Potentially, that clarity in terms of roles and responsibilities is lost. In fact, the public are not able to hold to account the people responsible for the policy. Is that correct?

[143] **Edwina Hart:** You are concerned about there being no direct link between the representation of the public who elect into the main body—

[144] **Eluned Parrott:** No, Minister, I am concerned that the public, through this process of partnerships, as we do not have a clear division in terms of governance, does not have a clear idea of what the strategic direction is because there has been no formal response and no formal Government adoption of the strategy. The public will not be able to understand whether the action or lack of action is because of Welsh Government or their own local authority, and will not be able to understand the nature of the partnership between their own local authority and other local authorities. That lack of clarity means that democratic accountability is damaged.

[145] **Edwina Hart:** I do not necessarily accept your analysis of some of this. However, I will say that, when we have sorted out the governance arrangements, which we will be doing fairly shortly in all of them, and when we publish how it is going to work, that will be in the public domain. As that develops, if there are changes, that will then go into the public domain. I am happy to consider, as developments occur, what more I have to put in in terms of governance and how it is dealt with. This process is at a very early stage. As I indicated to the Chair, this is something that we need to look at when we have had 12 months from the structural start, because we have to have the public understanding where these decisions are taken. If we take them in initial stages, they are developing projects. By looking at where project funding comes from, you can then see where the responsibility lies. If it is Welsh Government money going in, or if it is WEFO money going through structural funds to local

authorities, they will know. Sometimes, when you follow the money, you understand where the accountability is. I understand where you are going in the long term, but I would like to leave it until we have started, to get the views from them about their initial stages and governance. This will then develop.

[146] **Eluned Parrott:** From a point of view of monitoring though, Minister, in terms of you being able to assess the progress that the partners are making against your aims and objectives, you have to have iterated some aims and objectives. The problem is that we do not currently have a formally adopted strategy for the city regions. We do not necessarily understand which recommendations are priorities, so we do need clarity in those terms, because if we do not know what the direction of travel is, we are not going to ever be able to monitor and assess whether we have been successful in reaching it.

[147] **Edwina Hart:** We have to make it absolutely clear that the focus in this is economic regeneration within the city regions. That will go into a number of areas that will underpin it. There are clear links across the piece in everything that we do, whether it is our enterprise zones or the city region approach. The enterprise zones are there to attract investment and jobs and that is integral to what the city region also has to do: transport people to jobs and deal with other issues. At the end of the day, I think that what you are really saying—perhaps we should have more honesty—is that you would like me to set out what I expect the city regions to do. You would like to monitor it via me and my performance and how I am getting them to do it. If that is the case, can we just say that? As far as I am concerned, I have asked for the city regions to be established, I want them to work upwards to me to get that approach. The only thing that I have said to the city regions is, ‘You have the report, you have the objectives, how are you going to work together to bring projects, how are you going to function as a city region?’ If you want something more in terms of what you think I should be doing, why my role is, and to measure against me, then let us just say it, and we will see what we can come to in terms of what you might want to know.

[148] **Nick Ramsay:** Minister, I think that you have made that quite clear. We have two minutes left to say what we have left so say. I will bring Alun Ffred Jones in at this point with some questions on the Mersey Dee Alliance.

[149] **Alun Ffred Jones:** Mae pedwar argymhelliad yn adroddiad pellach Dr Haywood ar Gynghrair Mersi a’r Ddyfrdwy. A ydych yn bwriadu ymateb yn ffurfiol i’r pedwar argymhelliad?
Alun Ffred Jones: There are four recommendations in Dr Haywood’s further report on the Mersey Dee Alliance. Do you intend to respond formally to those four recommendations?

[150] **Edwina Hart:** Yes. I am sure that Elizabeth will agree that a tremendous amount of work has gone into meetings on the recommendations. I intend to take the work forward, but before I do that, I will want some views from the committee about some of the recommendations that have come out of this. Then, I might be in a position to respond, when I have given it further consideration. I do not know whether Elizabeth wants to pick up on any points.

[151] **Dr Haywood:** I had a meeting—it must be a week or 10 days ago now—with the Mersey Dee Alliance, at its request, to discuss a couple of things. One was around the Great Western partnership, which we mentioned earlier, and the development of the Great Western main line and how that might translate to its views and vision for transport in the area. It was an interesting meeting. One of the things that specifically struck me there was the fact that it had already taken on board the recommendations, including, for example, thinking about changing its own structure. One of the points that I made is that it is fine in an economic forum sense, but not in terms of taking a real, functional economic region forward. It needs to have private and educational sector involvement, as well as leadership, which it has already

taken on board. They have the higher education institutions there, there is somebody from further education there, and they are looking at bringing in more private sector business. So, they have already leapt across the border and decided that they are going to go ahead with it anyway.

12:00

[152] **Edwina Hart:** Yes. We are very happy with the response that the MDA gave, and Lesley Griffiths will be looking at some strategic alliances with the Merseyside Dee Alliance on the transport issues, as I indicated earlier.

[153] **Alun Ffred Jones:** A yw **Alun Ffred Jones:** Does the Welsh Government give any money to this alliance Llywodraeth Cymru'n rhoi unrhyw arian ar hyn o bryd i'r 'alliance' hwn? at the moment?

[154] **Edwina Hart:** Yes. I think that we give only something like £7,000, currently. We are a paid-up member, and I think that that is our contribution.

[155] **Nick Ramsay:** Finally, for clarification, are you aware of any Barnett consequentials?

[156] **Edwina Hart:** I was not aware of a direct Barnett consequential on this. So that might indicate that the money came from a block budget that did not specifically come out of the Treasury. You only have a Barnett consequential if it is identified and the Treasury gives it—it is then that you get a Barnett consequential. That is why I indicated that it is something that I would have to raise with the Minister for Finance if the committee wanted clarity on it, which I am more than happy to do.

[157] **Nick Ramsay:** If you could do that, that would be great.

[158] **Edwina Hart:** Yes.

[159] **Nick Ramsay:** I thank the Minister, Edwina Hart for being with us today. You clearly have a lot of work to do over the next few years on this, but the committee is more than happy to help in any way to facilitate that process. I also thank Dave Gilbert, Professor Kevin Morgan and Dr Elizabeth Haywood for being with us today. Your time is much appreciated.

12:01

Papurau i'w Nodi Papers to Note

[160] **Nick Ramsay:** We have the response from the First Minister on the legislative consent memorandum for the intellectual property Bill. Members of the committee will remember that we first considered this before the summer recess and we decided to write to the First Minister for clarification. You should have copies of the letter from the First Minister. Do any Members have any comments to make on that?

[161] **Alun Ffred Jones:** I would like to hear Mick Antoniw's view on it.

[162] **Mick Antoniw:** My view is that there has always been an issue with regard to intellectual property and research. We are currently at a disadvantage in relation to other parts of Britain, particularly Scotland, which has stronger regimes that give protection. Intellectual property has always been an issue, because, who is going to invest, and how can you

collaborate with an organisation—a university, or whatever—on carrying out research, if, as soon as that research starts developing, the information can be requested under the Freedom of Information Act 2000? So, there is a loophole there, or a weakness within it. As I understand the position, there has been quite a lot of lobbying from the academic institutions, as they felt that they were at a disadvantage and it needed to be strengthened.

[163] I read through the detailed response, and I have to say it is quite technical and there are aspects that I did not quite understand, but, the ultimate objective of it is one that we ought to support. Otherwise, we are placing our academic institutions at a distinct disadvantage and it is one that seems to have been achieved by Welsh Government collaboratively with the institutions themselves.

[164] **Nick Ramsay:** Okay. Are you all happy to note the papers?

[165] **Alun Ffred Jones:** I thought that Mick Antoniw's views were much more interesting prior to this committee, but I accept what he says. [*Laughter.*]

[166] **Mick Antoniw:** There were problems in that I found it difficult to understand the first couple of pages.

[167] **Nick Ramsay:** We always appreciate your legal insight into these issues. Okay, the papers are noted. I now close the meeting.

*Daeth y cyfarfod i ben am 12:04.
The meeting ended at 12:04.*