

Ideas Wales: Economy seminars

Seminar Three: wealth creation

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A Transport Vision for the Cardiff City Region

1. Welsh economy: characterised by doing too much of the wrong things and not enough of the right things, and by a set of key indicators, such as GVA which are getting worse, not better.
2. Yet, GVA for Cardiff and the Vale is above the GB average. The issue then becomes one of exploiting this area of strength, to the benefit both of the area itself and the rest of Wales.

What are the preconditions of such an approach?

- (i) It needs a far stronger understanding of the relationship between the economy and transport infrastructure.
 - (ii) It needs thinking and planning to take place across a five year period, itself set within a fifteen year horizon.
3. City Regions – the *Ideopolis* – share a set of key characteristics. They provide:
 - a critical population mass, which is economically broad based and socially tolerant.
 - Strong political leadership.
 - Access to capital.
 - Entrepreneurship.
 - Connectivity across the city region
 - An approach which places quality above quantity.
 4. How does the Cardiff City Region measure up against these characteristics?

Locality

- population of 1.4 million within 20 miles of Cardiff City Centre
- 130 miles from London
- 70,000 inward commuters each day
- A Russell Group university
- A diversified employment base
- Largest private sector growth in the UK over recent years

Communications

- as far as communication is concerned, air connections are poor, with Cardiff Airport not providing flights to essential destinations. In terms of future economic development, Heathrow is of more importance to Wales than Rhoose or Bristol airports, with onward road and rail connectivity essential.
- rail connections getting slower to London, rather than faster, and with electrification delayed again. Current UK Rail investment strategy works to criteria which mean that Wales is under-represented in future spending plans, and only likely to continue to be so in the future.
- Cardiff Central: one of the busiest stations in the UK, but starved of investment over many years;
- Valley lines: the 'blocked arteries' of the Cardiff City Region, where electrification will be essential, not merely desirable, if the network is to continue operating in ten years time;
- road connections: M4 an on-going cause of concern, especially East of Cardiff.
- Result is that, over the last 25 years the transport advantage which Cardiff once enjoyed over Manchester, insofar as travel time to London is concerned, has been reversed.

Governance

Network Rail's investment plans follow passenger numbers. Means that Wales is always at a disadvantage. In planned investment for the period to 2010, Wales currently stands to receive 2.5% (or less than £1 billion) of £34 billion.

- Welsh Assembly Government transport investment has been running at around £850 million annually, but the proportion provided to the Cardiff City Region runs behind its economic and population importance.
- Local strategic planning capacity is inadequate. SEWTA is weak and local authority contribution is fragmented.

Where does this mean for the future?

1. **a new governance strategy:** giving greater clarity over who has the responsibility for developing a strategy, taking the necessary decisions and making those decisions happen.
2. **enhanced transport investment:** electrification of the South Wales/London main line, to Swansea (only to be achieved incrementally) with some relatively modest improvements to allow by-passing of slow traffic; improved access to Heathrow; electrification and enhancement of Valleys Network. Requires an Assembly Government investment of £3 – 4 billion, over 10 year period.
3. **a new economic investment approach within the Cardiff City Region:** a shift away from peripheral business parks and investment in Valley locations, in favour of direct investment in Cardiff City Centre,

with investment further afield focused on better communication for incoming commuters and on enhanced quality of life measures in Valley communications (good schools, improved town centres and so on) with low cost access to Cardiff via the Cardiff Metro. Would also need to include a complementary role for better connected secondary centres such as Pontypridd and Newport.

4. **a wider economic development vision:** placing the Cardiff City Region in a wider Severn-side context, including Bristol and Swansea.

Immediate practical actions required:

- creation of a new City Region Authority, with an initial focus on transport. Not another democratic tier, but modelled, for example, on the new Greater Manchester Combined Authority.
- devolution of strategic rail investment to the Assembly Government
- movement on a Cardiff Metro plan within the next six months

Observations

- don't underestimate the strength of historical Anywhere-But-Cardiff feeling in the wider region;
- don't underestimate the importance of good, rapid bus services between Cardiff and its hinterland;
- don't underestimate the scale of investment which this plan implies, and its affordability;
- is the whole plan wrong-headed? Does it rely on an out-moded world view in which oil is cheap and plentiful and in which we can continue to travel as we did in the past?
- What if an economic future based on mobility just won't work? Isn't a strategy based on well-being, rather than illusory economic growth a better path for Wales?

David Jones:

how do start-up businesses grow?

- time taken to grow a business is substantial – a minimum of five years;
- most companies sell to one another not to consumers;
- marketing, PR and being user-friendly are all crucial;
- staff as the most important asset and cost in any business. Hiring smart people who get things done is crucial. Running costs, beyond staff, are too small to take too much attention.
- Liberalised rules over firing staff would lead to greater hiring.
- Help with the costs of transport to key destinations – London and USA – would be single best investment from Assembly Government

Issues with public sector

- hiring strategy based on employing people who don't make mistakes, rather than people who make a difference;
- skills deficit in procurement, with focus on price, not on terms of contract;
- need for managers with: (a) a sense of urgency and (b) who worry about time, not money in staff deployment and activity.

Observations

1. economic development depends on human capital and good risk capital: neither in abundance in Wales.
2. Welsh Assembly Government compliance obsessed: all to do with process not outcomes.
3. procurement rules still mean that contracts go to big agencies outside Wales who can deal with the compliance demands.