



Different Routes, Same Destination: A Road Policy to Drive Sustainable Development of SME Economy

fsb⁸

Federation of Small Businesses
Ffederasiwn y Busnesau Bach

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Introduction

Roads have long captured the imagination.

The image of the road has retained its romantic 1950s teen America appeal – the wide-open road as an image of freedom and possibility. Being ‘on the road’ was a key part of Beatnik mythology, and from its birth rock n’ roll songs in praise of the road were ten-a-penny, with Route 66 still retaining a potent romanticism, connecting rock, and East and West USA. Throughout history roads have been linked to connectivity, prosperity, cultural exchange, and trade – the image of the ‘Silk Road’ connecting the West and East driving the fortunes of entire nations, regions and continents, bringing goods, and through trade, jobs and exchange, social good as well.

In this view, roads are symbols of openness, of outward facing connections and trade, and via the strong association with the car, of individual freedom as the twentieth century went on.

Alongside the evolution of cars as ‘King of the Road’, another view of the road developed- as the source of problems – the image of gridlocked freeways and motorways, of road rage, of danger and poor health provoke a strong response. This is again exacerbated by the private car and the combustible engine being a huge source of CO2 emissions, and a primary area for intervention required in order to address the global climate change emergency. There is strong evidence that the image of the car associated with the rise of the teenager in the 1950s is no longer as salient with younger generations as previously. A generational change is in place.¹

In this picture, roads are linked to danger, nuisance, gridlock, and ultimately climate catastrophe.

There are plenty of examples in Wales where we can easily find this polarised view.

The rhetoric around the long-running debate regarding the M4 relief road exemplified this – On the one hand the lack of a relief road was portrayed as ‘foot on the windpipe of the Welsh economy’², and ‘the constant disruption and delay along the main motorway route across South and West Wales caused by the Brynglas tunnel bottleneck around Newport significantly damages the Welsh economy.’³

On the other hand, the M4 proposals were seen by some as a “direct attack on nature [that would] rupture... Wales’s own Amazon rainforest’.⁴

The Welsh Government’s thrust of policy the interventions are focused on flipping the hierarchy away from an implicit view of the private car as the norm, towards active travel and public transport. As the Senedd’s independent Research Services briefing puts it:

“The direction of travel for Welsh Government transport policy is clear. The Wales Transport Strategy introduced a sustainable transport hierarchy prioritising active travel and public transport over private motor vehicles. The First Minister cancelled the much debated M4 relief road project, with alternative solutions centred on public transport being taken forward instead.”⁵

¹ Car Dealer magazine, ‘Car ownership falls dramatically in urban areas as young people shun vehicles’ (Nov 16 2020)

² David Cameron, 2017 <https://www.gov.wales/sites/default/files/publications/2017-09/m4-corridor-around-newport-wider-economic-impact-assessment-report.pdf>

³ Wales Online ‘Business leaders message to politicians - Deliver on the Black Route or lose Jobs and investment’ (Feb 3 2016) – signatories did not include FSB

⁴ BBC News ‘M4 relief road: Route ‘attack on nature’ claim, (Sep 27 2017)

⁵ F Howerth, Senedd Research Service ‘The Future of Bus and Rail’ (Jan 13 2023) <https://research.senedd.wales/research-articles/the-future-of-bus-and-rail/>

Modal shift – encouraging a shift from private cars to other modes of transport – is a desirable goal when there is a plausible alternative. Likewise, reducing congestion and emissions is necessary in a climate change emergency, and economical in the long run as less congestion helps business mobility. But, it is not a strategy that can cover all roads, and our contention is that this lens by itself misses out on too much for effective system wide policy.

In balancing all the imperatives of changing habit and use, we must also acknowledge that roads play an important role in promoting economic development, growth and opportunity. Reliable, well-maintained road infrastructure across the whole of Wales is a key concern to smaller businesses.

This report seeks to complement the strategies and expand their horizon – providing a wider lens through which to work through policy. Welsh Government has been effective at communicating what it wants to stop and what is undesirable, but less effective at conveying the opportunities for transport development (including for roads). It has been established why roads are bad – not what they are good for and how we can use them positively in the future. It is our assertion that in order to generate a more proactive approach to economic development, that more positive narrative of ‘enabling’ needs to be more evident in Welsh Government’s approach.

This paper therefore seeks to outline positive strategy for roads within a sustainable development framework. A strategy that accounts for particular economic activities that roads promote, and which we can continue to place value on in a way that facilitates trade, investment, and business travel, understanding in a more nuanced way the material activity we wish to incentivise and disincentivise to promote sustainability.

The aim is therefore not merely to switch ‘modes’ of transport, but account value for what ‘activity’ modes of transport are used for and how we can assign added value to economic activity (as well as costs to other behaviours) within this transport infrastructure.

It is also to attempt to provide greater clarity and better processes for decision-making around infrastructure in future. The saga around the M4 and the policy reversals and controversy surrounding the recent Roads Review are not unique to Wales. These are problems inherent in decisions that are fraught, long term, and complex and can serve to dent economic confidence. We can learn from institutions built elsewhere on how to ensure better processes based on confidence and trust in independent bodies charged with getting better outcomes.

Following a list of recommendations and overview of policy drivers, the report is split in three parts. Chapter 1 looks at ‘Where are we now?’, at the different frameworks and analyses we have in place at present for future transport in Wales.

Chapter 2 asks ‘Where would we like to go?’, analysing how we ensure SMEs and the economy are harnessed to maximise opportunities, and how roads strategy can help us in that endeavour.

Chapter 3 asks the ‘How do we get there?’ question and looks to the processes by which we arrive at building infrastructure such as roads, why these processes are unstable and prone to failure, and how we can address this by looking at independent bodies that aligns with Welsh Government’s regional delivery and to UK’s ambitions for Levelling Up.

Policy Drivers

Decarbonisation

The UK and Welsh Governments have declared that we are in a climate emergency. As part of this, transport has been identified as an area where change is necessary to mitigate against adverse environmental consequences. A new Sustainable Transport Hierarchy will look to change the modes of transport we prioritise.

Our research has consistently demonstrated SME recognition of their responsibility to play their part on our journey to decarbonise and achieve our Net Zero ambitions. However, many small businesses lack the resources or expertise to understand how they can make a difference.

While attention on active travel and investment in public transport will assist in easing congestion on roads, greater consideration around unavoidable commercial use of vehicles and support for transition to electric vehicles (EV) is required to ensure that small businesses aren't penalised by this transition.

Economic outlook

In an economic storm, it is vital that economic recovery is a primary focus. Creating a sense of a shared mission, providing clarity on practical long-term goals, measures, values, and visions will be critical to steering towards sustainability, and supporting SMEs in that transition.

Constrained public finances require future policy to access, realistically and positively, how SMEs can benefit from the opportunities of the electric vehicle (EV) revolution while minimising the impact of costs. Infrastructure spending and support will be integral but the process by which we come to decide on best value projects needs looking at again. A trusted, independent system of decision making in this space can sit outside the day-to-day politicking and provide for better outcomes.

Technology and Innovation

Technology will continue to disrupt how we look at transport modes, networks, ease of access, and the funding of new infrastructure. The switch to EVs and other greener vehicle types means that there is a ticking clock for addressing what replaces fuel duty. We must ensure we use any new opportunities to incentivise sustainable economic activity and that regulations for business under any new system are proportionate.

The Rural Context

The opportunities and challenges for businesses in rural areas, must be addressed at the outset rather than an afterthought. Discussions around issues such as road pricing, congestion charges, and LEZs have so far been urban and city centric.

Economic development and rurality must be a central focus of future transport policy and it must be ambitious for rural economic development. This should play in role in levelling up deprived communities, especially those historically underserved by the transport system. Governance structures and processes are also required to ensure that discussions that have been urban-centric thus far mainstream rural proofing throughout all policy-making processes.

Where do we want to go?

A snapshot of a Welsh town in 2043

Transport has helped provide easy access to town centres across towns of different sizes across Wales.

Congestion has eased substantially making for better air quality and less nuisance. Mini mobility provides much of the deliveries geared from out of town warehouses and sorting offices, providing ample local employment and vehicles that can fit the areas. This has allowed larger freight deliveries access as necessary.

Vehicles share spaces or have clearly demarcated routes through town providing ease of access to local businesses.

Public Transport costs are down due to electrification, and the costs of flexible travel in rural areas to the towns have eased substantially as fuel costs make for far cheaper travel that is less costly through distance.

Access to towns is also managed by dynamic incentives locally to manage congestion. Tourism congestion has eased through the creation of well managed traffic with vehicles funnelled to less populated access areas in national parks and spreading of tourists across hotspots, with transport provided often in designated speedy lanes across rural Wales.

More people live in towns with good housing options for different income groups, and remote working has also helped with this. This provides a steady all around disposable income to be spent locally in towns that are individual and make the most of their unique selling points, with local independent shops, cafes and restaurants thriving all year around.

Towns provide their own systems according to needs (e.g., low emission zones, congestion charges, parking fees), but there is a consistent framework that is predictable through user friendly interface for individuals and businesses. Costs of travel may vary dynamically, but they are predictable.

In more urban areas and cities Metro systems have successfully aligned and integrated transport needs across different modes, allowing for seamless commutes using a variety of different modes. These are affordable, reliable, and predictable. For SMEs they allow for a wide net of talent that they can bring into their business, whatever their sector, and so those sectors that cannot provide remote work are not at a disadvantage.

This has been achieved through a good mix of central resources into local knowledge and decision making while retaining a clear regional strategic transport system. It has been leveraging in substantial central resources and outside investment and has used all opportunities to build new start-ups, supply chains, and expertise and skills across all communities in Wales.



List of Recommendations

Transport Strategy

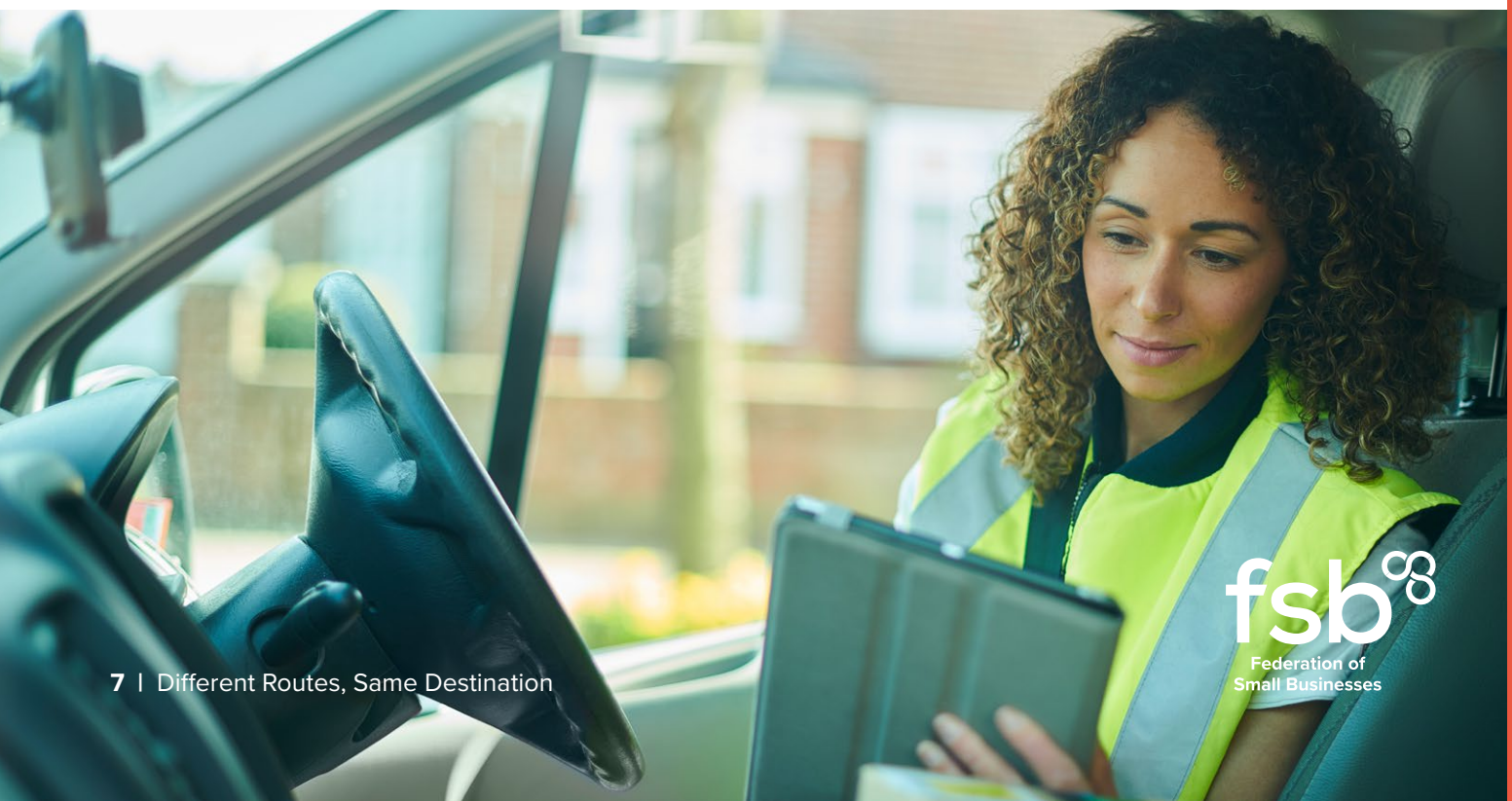
- Welsh Government should look to widen the transport framework beyond modal shift especially as applied to unavoidable business travel.
- Infrastructure decision-making requires a wider economic development framework and measures to complement the Welsh Government's Transport Strategy's framework.

Freight and Logistics

- Welsh Government should develop a freight strategy urgently alongside an economic lens for transport, including the impact on small firms.
- It is important that any freight strategy aligns with towns centre strategy, looking at how we can incentivise investment through investment zones in town centres, and moving retail to the centre from out of town developments.
- In turn this would need to coordinate with sector specific incentives to provide freight services to out of town developments (to relieve HGVs in towns); this would build opportunities for SME and self-employed opportunities through mini mobility fleets for the last few miles where appropriate.

Communication

- Welsh Government should ensure a positive strategy for roads – what they will do rather than what they will not – to ensure that it builds towards all economic, social, and environmental opportunities rather than focus on managing the risks.
- By providing this communications strategy and an engagement strategy through an independent institutional means to deliver on it, it can look to ensure buy-in and trust and avoid a discourse of 'attack on motorists'.



Road User Pricing

- UK and Welsh Government should work together to ensure a fair, stable and predictable pricing system for roads in Wales in the future.
- Policy-makers should particularly consider how any prospective Road User Pricing system relates to the following issues:
 - Distance travelled by vehicle.
 - Time of travel (e.g., peak vs off-peak)
 - Type of vehicle (car vs EV vs HGV)
 - Reason for travel (business vs private)
 - Area travelled to (e.g., urban vs rural)
- Welsh Government should develop a clear plan of financing and linking together the investment and pricing of modes of transport be put in place to ensure confidence in connectivity in the future and that public transport will improve. Road pricing should be hypothecated to transport infrastructure and funding better public transport.
- There is increasing risk that SMEs can be left behind in the transition to EVs. A clear long-term communications strategy should be put in place and that strategy, support, and milestones are proactively communicated to SMEs, providing the necessary lead-in time for businesses to account for this investment and transition.
- Governments should look to incentivise this shift by introducing tax incentives or scrappage schemes as have happened previously.
- It is important that SME derogations and rebates are accounted for from the start of the design process, and built in to the system on any congestion charges, LEZs and road pricing structures for essential business travel needs.
- Any further road pricing review by Welsh Government should include analysis of the powers to Welsh Government, and any strategy linked to the principles underpinning the Welsh Government's Tax Policy Framework.
- Where powers over road pricing lie, whether local, devolved, England and Wales/GB or UK, should be clarified.
- A just transition on transport must take a fully 'think small first' approach and look to the impact and opportunities for small businesses of any policy interventions, and looks at SMEs across different locations and sectors and opportunities for economic development and levelling up across Wales.
- Any road pricing scheme must be tested to make the system as simple as possible for SMEs to navigate and to provide incentives for business travel.

Rurality and regional development

- It is vital that any policy is not only ‘rural-proofed’ but that the opportunities for rural areas are built in and highlighted at the outset, including the potential in supporting the development of towns as new economic hubs.
- Future Roads Policy needs to account for regional inequalities and look beyond managing risks to embracing opportunities for areas historically underfunded.
- Looking to a shaping and making markets approach, UK and Welsh Governments should work with market towns and local government to look to scalable pilots that would provide proof of concepts and evidence for de-risking investment in rural mobility as a service and new opportunities based around EVs in and public transport in rural and hinterland areas.

Procurement and Planning

- Procurement for roads maintenance, including materials, supply chains, and skills and labour should be focused on the relevant community where possible to maximise local value.
- Planning timescales and costs must be addressed so that bottlenecks do not continue to projects, and that capacity issues in government do not continue to impact on economic development.



EV Charging Infrastructure

- Welsh Government should revisit the EV strategy with an aim to provide clarity on direction of travel, with clear timelines, and with an aim to support smaller businesses in the process as part of its just transition ambition.
- An economic development and levelling up strategy should align with the benefits transport links and EV charging infrastructure can bring with an aim at looking at the benefits and opportunities and only the risks.

Future Investment Plans

- Welsh Government should provide a clear long-term investment plan to provide a positive strategy of what works it will look to do as well as reject, providing clarity and market signals for future investment.
- Welsh Government should develop opportunities for new infrastructure projects to ensure that socio-economic benefits lost following the rejected projects in the Roads Review are created elsewhere, whether these are repurposed projects or new alternative projects to address opportunity costs from the gap in infrastructure development for the future.
- Welsh Government should invite redrafted proposals in light of its new policy framework to test that its use retroactively in these cases mean that the proposals can be adapted to better fit the new roads strategy.

Institutional Architecture for delivery of a positive Roads Strategy

- Roads strategy should fall under a statutorily empowered and resourced reformed National Infrastructure Commission for Wales as set out in previous FSB policy, providing for:
 - A long-term view,
 - A trusted and independent evidence-led approach
 - Being a focal point for complex multi-governance negotiations,
 - Full community and stakeholder engagement
 - Accountable in full to the Senedd, UK Parliament and UK and Welsh Governments
- A reformed NICW should seek to build its vision, and the consensus that underpins it, across the boundaries of devolution including wider UK bodies.

Levelling Up Regions of Wales

- The UK Levelling up agenda should look at how the developing regional footprint and governance in Wales (as developed by the OECD for Welsh Government) can be harnessed for more strategic impact for the long term in Wales.
- These regional bodies can the serve as 'neutral space' for partnership between UK, Welsh, and local governments providing better outcomes and guard against excessive divergence in policy making. They should also bring together the link between central financing, regional strategic planning and local voice for decision making.



Menai Bridge / Porthaethwy

- Welsh Government should look to use the development of the economic strategy underpinning an Anglesey Freeport to construct an evidence base for the options for building the resilience of the island's transport systems, including for local traffic, freight, its role in bringing in development and investment, and assessing the potential impact across different spatial levels.
- The options should look at different mitigations to address particular times and areas of congestion, looking to any possible adaptations, but also ensuring the necessity of a third crossing is evidence based and aligned to wider development strategy For Ynys Mon and North Wales, and the wider impact of Brexit and Holyhead's role as a strategically significant European and Great Britain and Ireland link.

Market Towns and Bypasses

- Welsh Government should develop what alternatives it would provide to the economic benefits that may be lost with fewer new roads, and where the lost multiplier effects, skills and capacity building will be realised for communities throughout Wales in future.
- Any new decision-making framework for roads needs to account for the benefits to congestion and health and wellbeing that for local residents.
- Decisions on roads need to account for the fact that costs and benefits will be higher for some communities than others, and the alternatives less practical or more difficult. The relative different value of roads by place needs to be reflected.

Chapter 1: Where are we Now?

To understand the direction of travel of policy, it is important to take into account the frameworks different actors have for understanding challenges and debates on policy options and priorities.

This Chapter will look at the lenses through which FSB, various Governments, and key actors understand roads strategy. It aims to engage constructively in the debate from a perspective that centres the needs of SMEs.

FSB framework of Net Zero

Ahead of COP26 in November 2020, FSB, the Confederation of British Industries (CBI), Make UK, the Institute of Directors (IoD) and the British Chambers of Commerce (BCC) – came together to highlight their commitment to helping the UK achieve its goal of becoming Net Zero by 2050 for a ‘principles-led’ approach from the Government to guarantee a ‘just transition’ to Net Zero and identified five core principles required to achieve this goal. The five principles are intended to act as a ‘fairness test’ for policymakers. They include:

- I. Fairness of Ambition – matching the reality of the challenge
- II. Fairness of Accountability – taking a coordinated approach with coherent and accountable governance
- III. Fairness of Delivery – seeking to support, empower and incentivise businesses to find their own ways to net zero.
- IV. Fairness of Opportunity – ensuring businesses of all sizes, in all sectors, across every region and nation, can contribute
- V. Fairness of Cost – ensuring policies are affordable and achievable We believe that the principles set out in 2020 continue to be relevant and urge the Government to consider the principles when drawing up⁶

We believe that approaches to environmental policy should follow the above principles. Doing so will ensure SMEs have a fair place in the transition towards a low carbon and sustainable economy. An approach rooted in these principles would help ensure that SMEs gain from the potential opportunities rather than bear the cost of the necessary transition.

⁶ *Accelerating Progress: Empowering Small Business on the Journey to Net Zero* (FSB: Nov 2021), p 34, available at <https://www.fsb.org.uk/static/ffed4d13-7db0-4ea2-b95f1d8941a69481/ACCELERATING-PROGRESS-Empowering-small-businesses-on-the-journey-to-net-zero.pdf>

Roads – Value and Costs

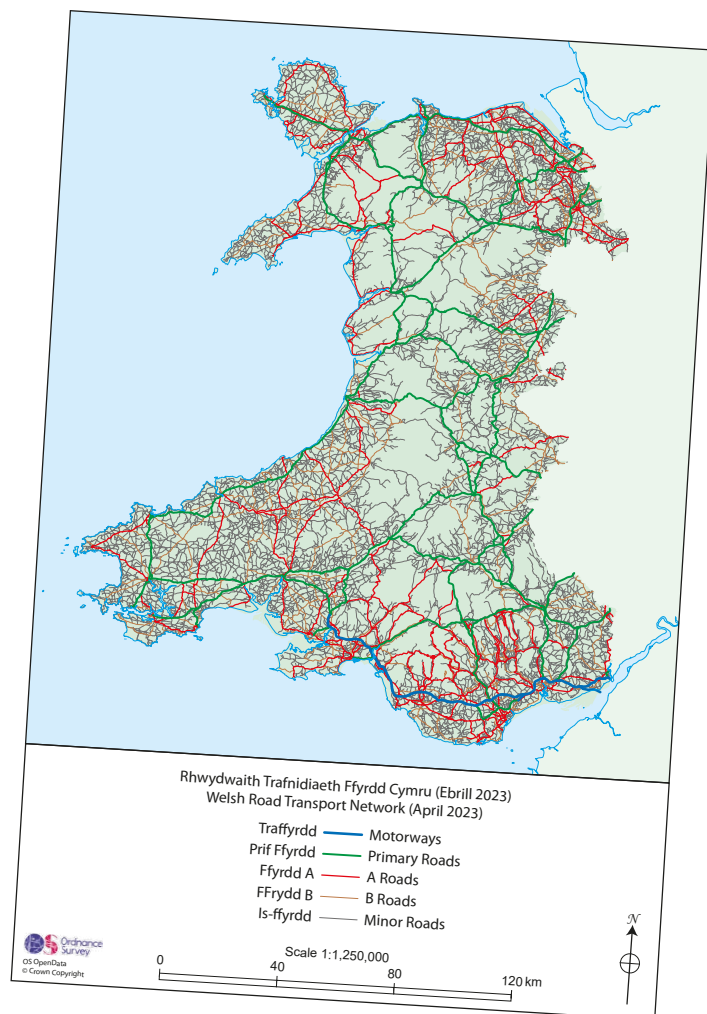
Looking at the road map of Wales, it illustrates how the road network penetrates every part of the country. Its furthest capillaries provide links of deliveries and trade, of access to cultural hubs, amenities, and services, and to family, friends, care, and education.

Roads are critical to our communities, families, and society; they are also critical for businesses. Small businesses are overwhelmingly reliant on roads, with our surveys regularly showing that 9 in 10 UK firms place high value on the network.⁷ Rural businesses are especially likely to rely on roads as they often report little or no access to public transport links like rail or buses.

The quality of transport and related infrastructure investment therefore has a huge impact on SMEs. 78% of goods moved in the United Kingdom are transported by road, whereas only 13% are moved by water, and 9% by rail.⁸

As such, congestion, poorly maintained local roads, and a lack of regional strategic planning, pose a significant barrier to economic growth.

There are also costs to driving. These costs can be divided as follows:



i. 'Road Infrastructure' Costs

- a) Construction.
- b) Maintenance.
- c) Operation.

ii. 'Congestion' Costs

- a) Delay and disruption caused to others.

iii. 'Social' Costs

- a) Risk/safety.
- b) Noise.
- c) Emissions.
- d) Environmental.

⁷ See *Going the extra mile: Connecting businesses and rural communities* (FSB: 2016); *Are We There Yet?* (FSB Wales: 2019)

⁸ *Transport Statistics for the UK* (UK Government: 2021) <https://www.gov.uk/government/statistics/transport-statistics-great-britain-2021/transport-statistics-great-britain-2021>

⁹ Smeed, R.J. et al. (1964) *Road Pricing: The Economic and Technical Possibilities*, cited in D Turner, 'An Independent Review of Road Charging in Wales' (Welsh Government: Nov 2020), p 20 – available at <https://www.gov.wales/sites/default/files/publications/2020-11/independent-review-road-user-charging-in-wales.pdf>

Image: [10:31] Kiera Marshall "Map kindly supplied by Blue Fox Technology Ltd."

Motoring is well acknowledged as an area where the individual costs of driving are not reflective of the costs to society. Moreover, the impacts of motoring do not impact everywhere equally:

“The issues created by congestion demonstrate that not all car journeys are created equal: unlike greenhouse-gas emissions, the costs of congestion vary enormously depending on where and when the driving takes place. For example, only 3% of passenger kilometres are driven on London’s A roads, compared to 24% on rural A roads. But the per-kilometre cost to society of the kilometres driven in London is 25 times higher.

“And the issue is not just about type or location of road, but the times at which we drive. The societal cost of kilometres travelled in the weekday rush hour is two to three times higher than for those travelled at other times.”¹⁰

Welsh Government position

The Welsh Government has set a target of achieving net zero by 2050. Small businesses in Wales comprise 99.4% of our total firms, making them indispensable in achieving net zero¹¹.

This target of net zero is the basis of much of Welsh Government’s recent transport policy, with a view toward switching the current modal hierarchy and moving to a more holistic and integrated view of transport as a whole.

Welsh Government’s strategy begins with Llwybr Newydd¹², which provides the modal hierarchy framework through which policy should be driven. The revised hierarchy is as follows:

The Sustainable Transport Hierarchy

We will continue to make best use of existing transport infrastructure by maintaining and managing it well.

We will also adapt it to a changing climate and upgrade it to support modal shift.

Where we need new infrastructure, we will use the Sustainable Transport Hierarchy.



WALKING AND CYCLING



PUBLIC TRANSPORT



ULTRA-LOW EMISSIONS VEHICLES



OTHER PRIVATE MOTOR VEHICLES

The strategy does note that “less-congested roads make it attractive for businesses to locate to Wales and support the Wales supply chain”. However, this is rhetorically addressed as a welcome and presumed side-effect of modal shift rather than adopted as a value in the roads strategy in itself.

The document also commits to achieving several aspirations for the freight and logistics sector by 2040. This includes a network that ‘supports existing businesses and facilitates new investment and employment’, integrated into wider transport and land-use planning policy at local, regional, and national levels, and supports a more sustainable freight and logistics sector encouraging commercial growth alongside decarbonisation.

¹⁰ T Lord & C Palmou, ‘Avoiding Gridlock Britain’ (Tony Blair Institute for Global Change: 2021), p 8

¹¹ Welsh Government ‘Size Analysis of businesses 2021’ (Dec 2022) <https://www.gov.wales/sites/default/files/statistics-and-research/2022-04/size-analysis-of-businesses-2021-920.pdf>

¹² Llwybr Newydd: The Wales Transport Strategy 2021 (WG: 2021), <https://www.gov.wales/llwybr-newydd-wales-transport-strategy-2021>

The Welsh Government has also committed to developing a new a Logistics and Freight Plan for Wales. This is welcome and can be used to expand the understanding of economic impact in the transport framework, but also needs to align with town centre strategy and new opportunities for out-of-town spaces being used as hubs for last mile delivery, providing new local self-employment and SME opportunities.

The switch in the hierarchy of modes is necessary and desirable. However, on its own it is insufficient to understand the material impact, risks, and opportunities of a fully articulated road strategy for the future and its possible impacts for communities and businesses.

Adding in this economic frame provides the starting point for articulating a positive strategy for roads – based on what we want them to be used for and what they are necessary for. Using this framing will allow future policy to have more nuance to establish incentives and disincentives.

- **Welsh Government should look to widen the transport framework beyond modal shift especially as applied to unavoidable business travel.**
- **Infrastructure decision-making requires a wider economic development framework and measures to complement the Welsh Government's Transport Strategy's framework.**
- **Welsh Government should develop a freight strategy urgently alongside an economic lens for transport, including the impact on small firms.**
- **It is important that any freight strategy align towns centre strategy, looking at how we can incentivise investment through investment zones in town centres, and moving retail to the centre from out of town developments.**
- **In turn this would need to coordinate with sector specific incentives to provide freight services to out of town developments (to relieve HGVs in towns); this would build opportunities for SME and self-employed opportunities through mini mobility fleets for last few miles where appropriate.**

Options developing the Menai Crossings: from the local to the global

The economic benefits of better transport links vary according to time and place, as they are dependent on several factors.

What does this mean? While the links between economic growth and transportation should be viewed as dependent on context and place, it is nonetheless clear that:

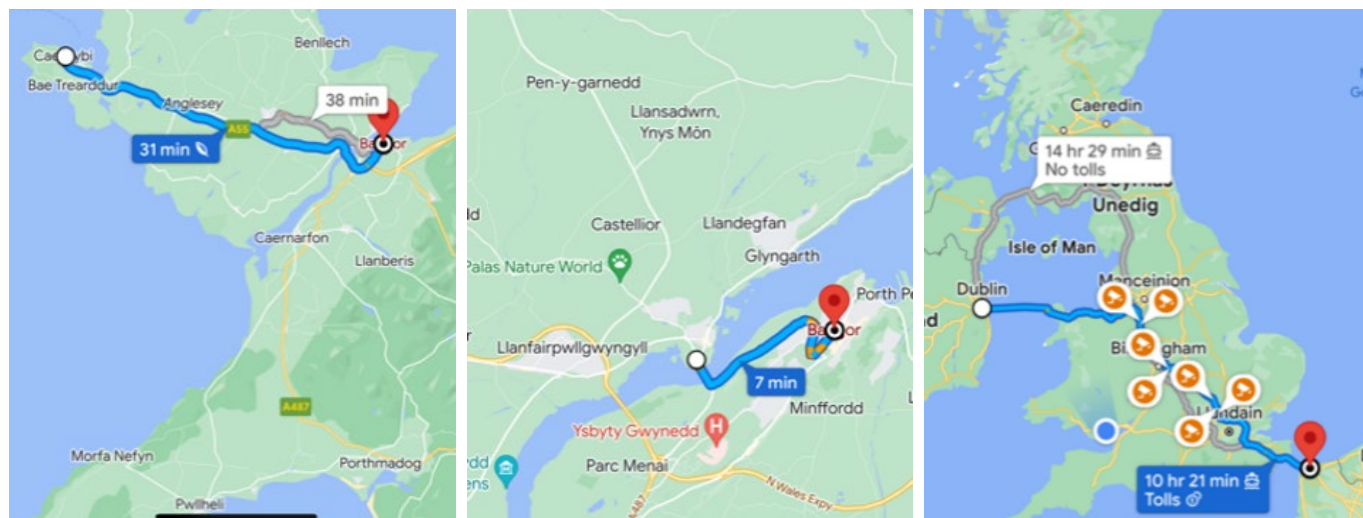
When transport systems are efficient, they provide **economic and social opportunities and benefits** that result in positive multiplier effects such as better accessibility to markets, employment, and additional investments. When transport systems are deficient in terms of capacity or reliability, they can have an economic cost, such as **reduced or missed opportunities and lower quality of life**. At the aggregate level, efficient transportation **reduces costs in many economic sectors**, while inefficient transportation increases these costs.¹⁴

Context is important as it is not transport in and of itself that creates growth and opportunity, but the context of what networks and economic opportunities it supports or facilitates. The danger in not accounting for context is notoriously the building of 'bridges to nowhere'.

¹³ National Transport Delivery Plan 2022-27, p 15

¹⁴ J Rodrigue & T Notteboom, 'Transportation and Economic Development' in Rodrigue, J-P (ed) (2020), *The Geography of Transport Systems, Fifth Edition*, New York: Routledge at <https://transportgeography.org/contents/chapter3/transportation-and-economic-development/>

Context of development must be understood in how it relates to different levels of spatial networks. It is useful here to look at how the same bridges linking mainland Wales to Ynys Môn serve many different needs and networks:



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As such, as the maps above show the bridges form a key link across different spatial levels from local to continental and global, all of which are important and need to be taken into account when making infrastructure decisions – a focus on ‘modal shift’ is not enough to address this.

As a bottleneck and pressure point, the bridges are a key part of several networks of importance such as:

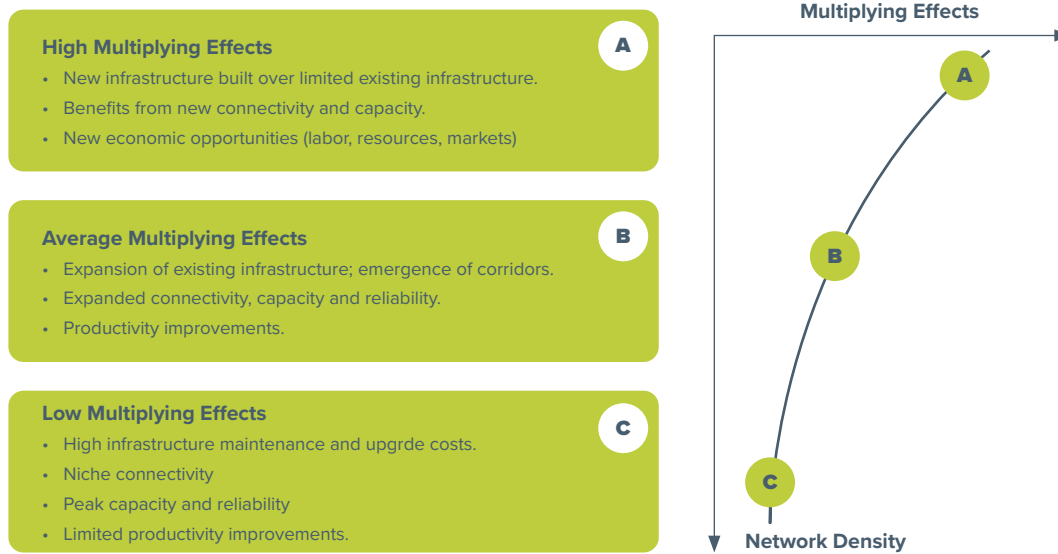
1. Local use and commutes
2. Travel to and from Island of Ireland (e.g., tourism, travel, access to other local markets)
3. For Freight from and to island of Ireland through Wales and link through to Europe continent.
4. Shipping lanes that link to global networks.
5. Potentially, wider energy markets and provision through developments in sustainable energy on the island.

So, while at first sight this crossing only serves a population of approximately 70,000 residents, it is a critically important link to Ireland to Northern Ireland from the British mainland. Following Brexit and the Windsor Accord, this role will continue to be important, and the effects will be crucial to understand. In any case, the innovation that has occurred in Northern Ireland around customs technology and best practice means that Anglesey will need to be at the forefront of these issues, and such innovations. It also means that it is important that resilience of the link is enhanced so that any physical bottlenecks are diminished to allow for easier movements.

The potential networks are not only based around trade and Brexit. Ports will be an important part of logistics as we drive to net-zero. The potential for development of Ynys Môn as an ‘Energy Island’ establishes its networks as part of a wider innovative energy network of hydrogen, wind, tidal, and (possibly) nuclear. To ensure the success of the island, Wales’s employment, skills, and sustainable energy security, it must be supported by infrastructure that allows for the capacity to be built and sustained. The competitive advantage in the face of net-zero needs to be harnessed, and roads form a key part of that.

¹⁵ Google Maps, accessed Feb 2023

Understanding that context matters also provides the opportunity to understand how infrastructure in many areas underserved or where there are pinch points can have a relatively higher impact and effect. This is outlined here:



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In this context it is important to understand that the impact of better infrastructure is greater when it is in areas that have been underserved. However, for infrastructure development to realise full benefits it needs to align with wider economic, social, and environmental priorities.

As such, the transport strategy must bring in a clearer economic development framework to the decision-making process than that outlined in the Roads Review's approach, and also to look at how these decisions may be treated differently for local impacts and larger strategic infrastructure projects and the benefits and opportunities they look to address.

It is disappointing that in its response to the Roads Review Welsh Government did not foreground at the outset that the new Menai Bridge remains an option, not even as one that might need to be better evidenced in the context of the new freeport and what benefits this will bring. Alongside this, the role of any Freeport, and economic development and community benefits it will supply, needs to be aligned with understanding the resilience of the transport link. It needs to be looking at the options for mitigation and alleviating additional pressures as well as whether the cost/benefits of a new crossing are worthwhile.

The evidence basis for an expensive adaptation of, or a new, Menai crossing is therefore dependent on a clear economic strategy for Ynys Mon and the wider North Wales area, on what investment these developments are looking to create, and what any changes or development would be. It is important that this is worked out at the outset to ensure that any project is measurable in its success, that it provides clarity and maximises investment, and uses clear economic strategy alongside any infrastructure plans.

This analysis should also look at the different options from a range of traffic management measures for particular times of congestion, adaptation of the current bridges, as well as a fully economic (and environmentally) costed third Menai Bridge.

¹⁶ Rodrigue, J-P (ed) (2020), *The Geography of Transport Systems, Fifth Edition*, New York: Routledge.



An unintended benefit of the closure of one bridge over the Winter of 2022/23 is that there can be an analysis of the success of mitigation measures (e.g. promotion of alternatives, push for staggered work hours, traffic management measures) and whether they can add to the resilience of the local community for the long term. Analysis should look too to a variety of alternatives where suitable such as exploring options such as reinstituting Tal-y-Foel boat and ferry services (closed in 1954), especially with tourism in mind.

In short, the role of roads and the wider transport system needs to fit within a clearly articulated economic development strategy to fit across different spatial needs and levels, including opportunity to build skills capacity and capability, new employment hubs, and benefits to local supply chains, including local SMEs.

- **Welsh Government should look to use the development of the economic strategy underpinning an Anglesey Freeport to construct an evidence base for the options for building the resilience of the island's transport systems, including for local traffic, freight, its role in bringing in development and investment, and assessing the potential impact across different spatial levels.**
- **The options should look at different mitigations to address particular times and areas of congestion, looking to any possible adaptations, but also ensuring the necessity of a third crossing is evidence based and aligned to wider development strategy for Ynys Mon and North Wales, and the wider impact of Brexit and Holyhead's role as a strategically significant European and Great Britain and Ireland link.**

Local Bypasses and their benefits

There are opportunity costs (social, economic, and environmental) in weighting more towards not pursuing road projects. Any new approach needs to address this gap in future developments in terms of the loss of projects that would have carried community value in terms of benefits to employment, supply chains and development. Currently, there is no realistic alternative set out to reassure communities of the economic strategy underpinning the roads strategy that would fill these gaps in the multiplier effects of the benefits of infrastructure development at the local level.

Allowing the development of alternatives can bring in opportunity to build skills capacity and capability, new employment hubs, and benefits to local supply chains and business services, including local SMEs where possible. A stable long term plan would provide this understanding for transportation, link it to wider economic development throughout Wales, help different groups (including SMEs) to make the transition to net zero in a way that maximises opportunities, look to levelling up specific regions, shape markets for new opportunities in all local economies, and have roads as a part of the puzzle in addressing this.

It is also clear that there have been benefits to local communities – particularly in rural villages and market towns in terms of congestion. Reports from areas such as Newtown, Llandeilo and Bontnewydd have noted substantial benefits from the bypasses built. As well as the work created for developers and contractors, they have worked in terms of congestion.

Newtown's mayor has noted that “endless queues” and air pollution were now “bad memories”. A Welsh Government spokesperson said the scheme was “delivering huge benefits...early indications show an improvement in air quality in the centre of Newtown”, while local business noted that “Journey times have significantly reduced which has reduced transport costs. You can do business with ease in town, as there's less congestion.”¹⁷

Llandeilo's ‘slow food’ movement, while of course not a direct result of any bypass, will have gained from reduction in congestion and a more pleasant experience for pedestrians and customers, and less traffic would fit the ethos.

During construction of the Bontnewydd Bypass 93 per cent of the workforce came from the North Wales area, with 31 per cent living within a 10-mile radius, with an average of 160 people working on the scheme at any one time during construction.¹⁸ As Deputy Minister Lee Waters noted at the opening ‘as well as the road the project has created new links for walking and cycling which will improve the health and the environment of local communities.’

It is also to be noted that traffic congestion in communities across these projects will also gain better air quality and less pollution leading to further health benefits. There is a question of new roads merely displacing pollution, and it remains part of the answer alongside modal shift. Nevertheless, for those communities that displacement and better air quality is also important and would be viewed as a trade-off that benefits their communities.

What is important is that if there are fewer new roads that there is a clear plan. This should account for new alternatives such as EVs and mobility as a service. It should provide planning and timelines, including clarity financing and funding. This is needed to address the transport problems – but also to underpin economic strategy - for market towns and rural areas.

¹⁷ BBC News ‘Newtown bypass makes town ‘a pleasure to visit again’ (Feb 15 2020) at <https://www.bbc.co.uk/news/uk-wales-51466055>

¹⁸ Welsh Government ‘Caernarfon and Bontnewydd Bypass Open’ (Feb 18 2020) <https://www.gov.wales/caernarfon-and-bontnewydd-bypass-open>

It also needs to acknowledge the fact that these areas have often been underserved by infrastructure – a situation in which new transport can have a disproportionately positive multiplier effect. This added value should be acknowledged in identifying where roads can have best impact and less cost.

- Welsh Government should develop what alternatives it would provide to the economic benefits that may be lost with fewer new roads, and where the lost multiplier effects, skills and capacity building will be realised for communities throughout Wales in future.
- Any new decision-making framework for roads needs to account for the benefits to congestion and health and wellbeing that for local residents.
- Decisions on roads need to account for the fact that costs and benefits will be higher for some communities than others, and the alternatives less practical or more difficult. The relative different value of roads by place needs to be reflected.

Communications – Accentuate the Positive

The ‘Avoiding Gridlock Britain’ report identified a major political challenge in avoiding the framing of changes as an ‘Attack on Motorists’, and that if it is ‘framed as an “attack on motorists”, we can expect the political opposition to be high enough to prevent such a move’.

Alongside other points arising in this paper,

“We should not treat the transition away from our current system of vehicle taxation simply as a risk to be managed. It offers a huge opportunity to rethink our relationship with our cars and the incentives we put around their use. Fuel duty and road tax are blunt tools that do not deal with the real social costs of driving, from air pollution to congestion.”

“We have, in the next couple of years, a once-in-a-century opportunity to address these problems through the introduction of road pricing. Such a scheme could slash congestion, maintain tax receipts and mitigate unfairness – delivering better outcomes both for drivers and other road users.”¹⁹

It is important therefore that the sequencing of discussions are not framed solely as ‘thou shalt not’, but also accentuate the positive opportunities.

Good communication links to clear institutional structure and decision-making would provide clarity for the long term and delivers the trust and certainty needed for investment opportunities.

- Welsh Government should ensure a positive strategy for roads – what they will do rather than what they will not – to ensure that it builds towards all economic, social, and environmental opportunities rather than focus on managing the risks.
- By providing this communications strategy and an engagement strategy through and independent institutional means to deliver on it, it can look to ensure buy-in and trust and avoid a discourse of ‘attack on motorists’.

¹⁹ Avoiding Gridlock Britain, p 5

Chapter 2: Where would you like to go?

While remaining open to developing further steps, the Welsh Government has not as yet articulated how their recent Roads Review fits within a wider future holistic strategy.

A truly ‘future-proofed’ plan for Wales should include more than reversals on planning permission on road projects. It must also account for the challenges of who bears the brunt of financing new infrastructure, and what options would best manage opportunities to deal with levelling up different communities. Articulating this plan is vital to enable us to finance wider infrastructure placing the real value of transport for economic activity, and to ensure confidence in future investment during the transition to net-zero.

It is positive that Welsh Government has committed to developing a strategy for ‘fair road user charging’ following a recent independent review.²⁰ However, it has yet to articulate a commitment of how this will work or what its vision will be. Unfortunately, where there has been public discourse, it has largely linked this to its goal of ‘modal shift’, and fed into the ‘attack on motorists’ discourse.²¹

By framing it this way, we are in danger of missing the point of this discussion.

It is a matter of concern that in answer to Environment Committee’s request for update on any discussion it has had with the UK Government on Road Pricing Policy, the Minister responded in December 2022 that “the Welsh Government has not had specific discussions with the UK Government on road pricing policy.”²² Especially, given the complexities and how this issue will cut across devolved responsibilities and Union Connectivity, as well as the ticking clock.

²⁰ Initial work has been done through Derek Turner’s ‘Independent Review of Road User Charging in Wales’ (WH: Nov 2020)

²¹ Daily Post ‘War on motorists’ in North Wales claim over Welsh Government’s road tolls plan’ (July 21 2022) <https://www.dailypost.co.uk/news/north-wales-news/pulverising-motorists-claim-response-welsh-24551882>

²² Welsh Government response to Environmental Committee report on the Future of Bus and Rail in Wales, 16 December 2022, p 8 <https://business.senedd.wales/documents/s132383/Response%20from%20the%20Welsh%20Government%20to%20the%20Committees%20report%20on%20the%20future%20of%20bus%20and%20rail%20in%20Wales.pdf>

Independent Government Reviews on Road Pricing

Both UK and Welsh Government have commissioned independent reviews on road pricing. The UK report makes the general recommendations:

1. Consider transport as a system, rather than loosely connected modes.
2. Consider the wider objectives that the transport system can help to achieve.
3. Outline a clear, long-term national vision and set goals that are mindful of varying local priorities.
4. Understand that geography is key to ensuring outcomes are practical at local and regional levels.
5. Examine the specific challenges facing rural areas.
6. Integrate passenger transport with freight, alongside housing priorities, when making planning decisions.
7. Use a scenarios approach to explore different futures, identify opportunities, and help mitigate the unintended consequences of new transport modes, technologies and/or trends.
8. Use both hard and soft measures to achieve the scale of change needed.
9. Consider the impact of future technologies on revenues and costs.
10. Consider prioritising walking and cycling when allocating land use for transport to promote wider social benefits.²³

Further reviews indicate how this is also the approach taken across Government reviews and policy (albeit patchily), such as UK Government's Union Connectivity (Hendy) Review and the Welsh Government's South east Wales Transport (Burns) Commission.

The Welsh Government Independent Review on Road Pricing starts from the UK Government's review, and follows its broad timeline:

i. The Short Term – 2023

For practical purposes 2023 can be thought of as the earliest that any decisions regarding RUC (anywhere) in Wales could be implemented in Wales.

ii. The Medium Term – 2028

A period within which transport policies, and other related policies, may change with a bearing on RUC.

iii. The Longer Term – 2035

The UK Government's aim is for all new cars and LGVs (e.g. vans) being fuelled by means other than diesel or petrol within this period.

iv. The Long Term – 2040+

This time horizon is used to consider various scenarios of how transport and society may change with a bearing on RUC.²⁴

²³ Sir Patrick Vallance, *The Future of Mobility* (Government Office for Science: Jan 2019), p 13

²⁴ in D Turner, *An Independent Review of Road Charging in Wales* (Welsh Government: Nov 2020), p 8



Air Quality and Soundscapes bill

The current Environment (Air Quality and Soundscapes) (Wales) Bill, which is currently progressing through the Senedd provides new powers with Welsh Government Ministers 'able to create low emission zones anywhere on the trunk road network, which includes the M4, A470 and A55. Town and cities' congestion zones will remain within the powers of Local Authorities.

This provides some element for looking at aligning the local and devolved level powers on this.

However, the bill's powers appear to be aimed at congestion and pollution, but with as yet little regard to revenue raising to replace lost VED from increasing numbers of EVs. With a lack of clarity on what is happening at GB level, this is understandable, but the gap in the discussion creates some problems:

Without a discussion as to wider benefits of revenue raising and its use for developing better public transport there is little discussion of the opportunities to provide wider objectives and alternatives. There is as a result also little discussion of the view of the actual impact in the longer term on motoring costs (including those of businesses), including opportunities to 'level up' or to make some business travel cheaper, and we are unable to provide an analysis of what this means practically and in economic development opportunities. There is a danger as a result that the policy is viewed solely in punitive terms for motorists and not in any wider strategic agenda of just transition.

In terms of revenue raising and what replaces fuel duty and potentially VED, there are questions here as to which taxes should fit where, based on what their purposes are. If they are solely for local maintenance that may be a local matter, but if they underpin a levelling up agenda and use areas to fund the wider networks that clearly means a regional, potentially UK national role. There are also questions about redistribution, behavioural change around congestion and revenue raising to provide better alternatives. This all needs to be clarified in a roads pricing strategy, delivered by both UK and Welsh governments.

It also needs to be clarified as to where the powers sit, and how they align with devolved or reserved responsibility. Even if road pricing is a 'tax' is contested - if it is a tax, does it count as a 'new tax' (and so devolved to Welsh Government), or is it a new form of the old fuel duty tax? In order to understand the level at which revenue raising should lie, it is important that the principles underlying road pricing are clear, and the different impacts it has, including raising revenue in the longer term are explored.

Policy Drivers for Road User Charging

With the move towards EVs accelerating, and a cut-off point of 2035 for transition, there is an urgent need to address how revenue is raised for future road use. In short:

- 1. Loss of revenue:** As electric vehicles become prevalent and fuel duty declines, road pricing schemes will emerge as a replacement for the fuel duty. The loss is projected as over £30 billion in revenue, requiring tax rises equivalent to up to 2p on income tax by the end of the next Parliament and up to 6p by 2040.
- 2. Congestion:** Carefully planned road management schemes will be needed to tackle increasing traffic volumes, congestion, and short-term air quality issues, with traffic to rise by up to 50%, with huge costs to quality of life and the economy.
- 3. Unfairness will rise:** In the next 15 years, drivers of EVs will inevitably be drawn mainly from wealthier income deciles, who drive newer cars – meaning wealthier EV drivers can avoid tax and ordinary motorists will be left picking up the tab this will exacerbate regional unfairness as well as wealth unfairness... This might be politically sustainable now, but it won't be when there are millions of electric vehicles on the road in the coming years.
- 4. Technology and integration:** Customers will begin to demand a more integrated and interoperable road pricing system in which they do not have to maintain different accounts and technologies for different schemes. The UK would therefore benefit from a coherent Government vision and policy roadmap for road pricing, which would address fiscal and other challenges in a coordinated manner as well as result in a more integrated and interoperable system.²⁵

Moreover, there is a ticking clock to address and implement these changes, to maximise the potential and mitigate the risks. Early planning would also provide a roadmap for SMEs with a lead-in time that allows them to understand the support that will be available.

Road pricing, in addition to raising tax revenue, could be used to influence travel habits. The opportunity of road charging is to make it fairer and to provide an allowance for businesses and location, to modify the linkage to mileage (as is currently the case with fuel), or influence through price signals the time of travel (e.g. off peak is cheaper than peak commuting time), timelines, and expectations for investment.

²⁵ Adapted from the following: KPMG 'The Future of Road Pricing' (KPMG: 2021), p 2 'Avoiding Gridlock Britain', p 4.

SME and Public support for Road User Charging

The Social Market Foundation²⁶ in its survey of the public found that more respondents supported (38%) than opposed (26%) road pricing as a replacement form of taxation. This finding held true across income groups, regions, and whether someone was themselves a motorist. 43% of those opposed to road pricing expressed fears about paying more than they currently do, and 56% felt that it was unfair for government to change taxes, especially after encouraging diesel vehicles in the recent past. This latter concern is something we have heard as an issue by SMEs regularly and suggests a significant lack of trust in how the government treats motorists.

Understandably, given the lack of detailed public discussion, the levels of respondents who 'don't know' is high. Again, this reinforces the need for process and engagement to be clear and independent. Nevertheless, there is substantial plurality of support for such measures.

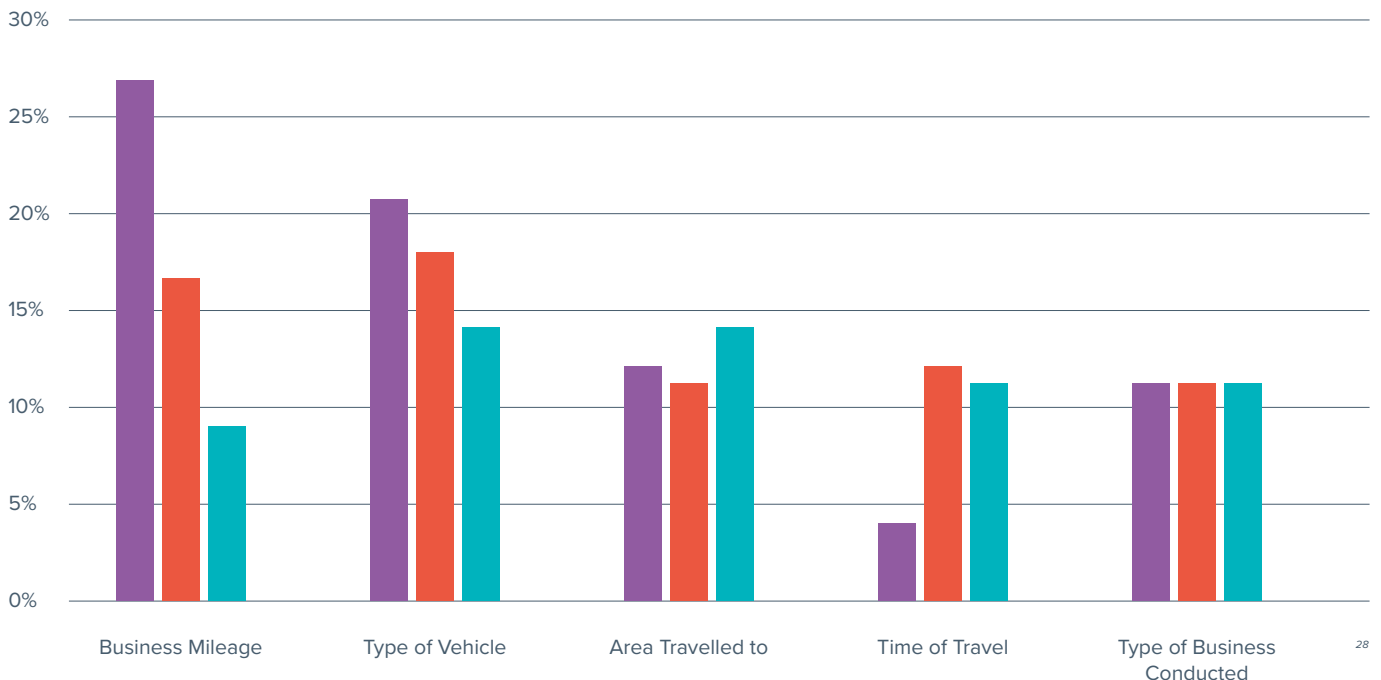
In terms of SMEs, similar uncertainty impacts on attitudes. With 93% of small business owners in urban areas and 95% in rural areas stating that the car is essential to their businesses, change is a challenge. FSB supports road pricing to solve the decline of income generated from Fuel Duty.²⁷

Roads are consistently and almost universally important for our members' businesses. Our surveys regularly find a high percentage (often over 90%) viewing them as important, regardless of location.

If you were to replace Vehicle Exercise Duty and Fuel Duty with a road tax, which three factors do you believe it should be based on?

Please rank up to three factors, where 1 is the most important.

■ 1 ■ 2 ■ 3



²⁶ S Corfe, 'Miles Ahead: Road Pricing as a Fairer mode of Taxation' (SMF: 2022), p 8

²⁷ FSB Written Evidence to UK Committee on Net Zero Emission Vehicles and Road Pricing <https://committees.parliament.uk/writtenevidence/22736/pdf/>

²⁸ FSB, Accelerating Progress: Empowering small businesses on the journey to net zero, November 2021, <https://www.fsb.org.uk/resource-report/accelerating-progress.html>

Cardiff's Congestion Charge Proposal

As this report was approaching publication, Cardiff council were considering a congestion charge to tackle traffic levels in Wales' capital, an illustration that these changes are already in train in Wales.

The scheme is linked to public transport improvements, such as £1 bus fares on key routes, and these being in place before introducing any payment. The scheme is in its early stages, and there are no details of the cost or the area in which the charge could apply, and would take up to five years to implement.²⁹

FSB Wales will engage with the process and have called that SMEs be at the forefront of consideration of impact. SMEs should be given the opportunity to take part in the design of the scheme to ensure it fits their needs and maximises opportunities while minimising risks, and that SME concerns are a key part of a wider just transition.

Just Transition and Equality Issues

It is important no one is left behind in the transition to net zero. The risk is that we provide a system that allows for EVs for only the better off, and therefore take away opportunities for lower income groups. This issue is parallel for businesses also. Smaller business, with relatively fewer resources and capacity, will find transition more challenging than larger organisations. So, any truly just transition must also account for SMEs.

In terms of costs, not addressing this could disproportionately affect particular sectors. For example, in areas where commute becomes more expensive, access to skills can become more difficult as the cost of travel to work increases. More expensive freight would hit companies lower down the supply chain as consumers. In making the commute more expensive and work proportionately less attractive in times of skills shortage, it would make access to skills more difficult for SMEs. If there are no real alternatives, this would particularly affect rural businesses and communities, and hinterland areas around employment hubs (such as the valleys to Cardiff, hinterland areas to Swansea, North Wales areas around aerospace cluster in Flint).

In terms of EVs, transitioning would also be more of a challenge to SMEs who have fewer reserves and tougher margins. This will have a similar effect on the self-employed, who often struggle on low incomes, and whose businesses may be dependent on their vehicle.

²⁹ BBC Wales News, 'Cardiff: Congestion charge considered by council', 17 April 2023



The Government must address both of these if it is to decarbonise personal transport.

- **UK and Welsh Government should work together to ensure a fair, stable and predictable pricing system for roads in Wales in the future.**
- **Policy-makers should particularly consider how any prospective Road User Pricing system relates to the following issues:**
 - o Distance travelled by vehicle.
 - o Time of travel (e.g., peak vs off-peak)
 - o Type of vehicle (car vs EV vs HGV)
 - o Reason for travel (business vs private)
 - o Area travelled to (e.g., urban vs rural)
- **Welsh Government should develop a clear plan of financing and linking together the investment and pricing of modes of transport be put in place to ensure confidence in connectivity in the future and that public transport will improve.**
- **Road pricing should be hypothecated to transport infrastructure and funding better public transport.**
- **There is increasing risk that SMEs can be left behind in the transition to EVs. A clear long-term communications strategy should be put in place and that strategy, support, and milestones are proactively communicated to SMEs, providing the necessary lead-in time for businesses to account for this investment and transition.**
- **Governments should look to incentivise this shift by introducing tax incentives or scrappage schemes as have happened previously.**
- **It is important that SME derogations and rebates are accounted for from the start of the design process, and built in to the system on any congestion charges, LEZs and road pricing structures for essential business travel needs.**
- **Any further road pricing review by Welsh Government should include analysis of the powers to Welsh Government, and any strategy linked to the principles underpinning the Welsh Government's Tax Policy Framework.**
- **Where powers over road pricing lie, whether local, devolved, England and Wales/GB or UK, should be clarified.**
- **A just transition on transport must take a fully 'think small first' approach and look to the impact and opportunities for small businesses of any policy interventions, and looks at SMEs across different locations and sectors and opportunities for economic development and levelling up across Wales.**
- **Any road pricing scheme must be tested to make the system as simple as possible for SMEs to navigate and to provide incentives for business travel.**

Rurality, Transport Exclusion and Levelling Up – or a new Agglomeration Model?

The transition from fuel duty to a different mode of pricing opens up such opportunities. Fuel duty is highly regressive³⁰ and if unchecked, will become even more regressive over the coming years, as higher-income households switch to EVs at a faster rate. It is also a blunt policy instrument. The discussion around road pricing is in danger of remaining urban-centric, as LEZs and congestion charges have been implemented in cities and so form the natural example. 54% of firms who saw a rise in business expenses blamed fuel as one of the main causes – and this at a time of multiple rising costs. Small firms are facing the highest rise in fuel duty in 12 years and this has an even bigger impact on rural businesses - 61% of rural businesses cite fuel costs as one of the main drivers in increasing business costs in 2022, while this drops to 51% for city-based firms.³¹ This indicates the difference these costs have disproportionately by location.

The Welsh Government Review notes of the choice of the car:

“A frequent refrain is “... but there is no alternative!”. For some journeys, especially in rural areas, that may be true; nevertheless, targeted improvements in public transport in terms of reliability as well as capacity, reduced journey times and subsidised fares in built-up areas have been shown to provide an acceptable ‘carrot’ to the perceived RUC ‘stick’.”

Noting ‘some journeys, especially in rural areas’ as exceptional is a problematic starting point. Rural economies are disproportionately SME-led economies and form a large part of Wales’s geography. Recent concerns regarding the funding and viability of bus routes across Wales only add to the reality that we are yet some way off public transport being credibly able to take the transport strain in such areas. Moreover, many areas are not well linked by transport that are not rural.

This is important for equality of opportunity but also to ensure there is a wider net for employers to fill any shortages in employment.

- **It is vital that any policy is not only ‘rural-proofed’ but that the opportunities for rural areas are built in and highlighted at the outset, including the potential in supporting the development of towns as new economic hubs.**

Where are the opportunities?

In a dynamic system of road pricing, the costs of rural journeys would fall more relative to those in urban areas.³² Another model would be for a universal road pricing scheme based on mileage with added congestion zones to address traffic in urban areas³³ – again, while there would be a link to mileage this would be less so than for fuel. This would be relatively priced less in rural areas and hinterlands than in more urban areas – again providing the opportunity to level up regions.

With the ongoing difficulties of digital connectivity, road pricing may be more difficult in the most remote rural areas – again, this may not be such a problem as these would serve as a proxy for areas most impacted by transport difficulties and where cars are a necessity expense, and so would gain from being ‘off-grid’ in transport terms, with travel in those areas being cheaper.

³⁰ ‘Fuel duty costs the average household £521 per year in the form of higher pump prices, rising to £644 if we just look at households that have vehicles. As a proportion of disposable income, these costs are greater for those on lower incomes – despite the fact that lower-income households drive fewer miles on average than higher income ones and are less likely to own a vehicle.’ (S Corfe, Miles Ahead, p 7).

³¹ <https://www.fsb.org.uk/resources-page/small-firms-brace-for-incoming-fuel-duty-hike.html>

³² Broadly the model advanced in ‘Avoiding Gridlock Britain’ (TBIGC: 2021)

³³ Model advanced in ‘Miles Ahead’ (SMF: 2022)

An approach that fails to adequately account for the ways in which road pricing and travel policy impacts on rurality is in danger of merely exacerbating existing regional inequalities and urban/rural divides. A model that does not look to leverage new models and level up areas currently underfunded and under resourced is in danger of funnelling money to agglomeration areas that are already more developed. A 'just transition' must take into account this geographical equity and build on it through towns policy and its EV strategy.

- **Future Roads Policy needs to account for regional inequalities and look beyond managing risks to embracing opportunities for areas historically underfunded.**
- **Looking to a shaping and making markets approach, UK and Welsh Governments should work with market towns and local government to look to scalable pilots that would provide proof of concepts and evidence for de-risking investment in rural mobility as a service and new opportunities based around EVs in and public transport in rural and hinterland areas.**

Practicalities: Claiming back for Business

In many ways, it is difficult to get into the detail of the mechanism for how we would allow businesses to be able to point to their business travel.

Currently there are elements of the system (e.g. tax rebates on VAT) where business activity can claim back on VAT on fuel for example. The main thing is to ensure the principle of business activity paying differently is retained, and where possible expanded, as the value of economic activity should be reflected in discussions on any system at the outset.

For example, if the system of road pricing were to be fully automated and variable by location, an app could provide the business miles travelled. If there is a mileage fee made annual with an MOT a discount could be applied then.

The starting premise should be that business travel and trade is a social good and this needs to be accounted for in the pricing system through reimbursement, derogations on vehicles or through (at the tech high end) license plate recognition.

- **Any road pricing scheme must be tested to make the system as simple as possible for SMEs to navigate and to provide incentives for business travel.**

Leveraging Trade, Investment, and Benefits

This approach that looks to opportunities is vital so as to signal to investors and the market where opportunities will remain in future.

Firstly, the Roads Review remains ambiguous in its effects on major roads projects, and it is clear that connectivity needs to remain a focus (see box on Menai Bridge). So, there needs to be clarity about what opportunities for development and maintenance will remain (for example what quantum of funding for better maintenance and EV charging infrastructure). Future road projects will still need to look to supply chain opportunities and also to local procurement where possible, including on road materials, taking into account the environmental benefits of local sourcing against imports.

- **Procurement for roads maintenance, including materials, supply chains, and skills and labour should look to do so within the communities they are operational in where possible.**

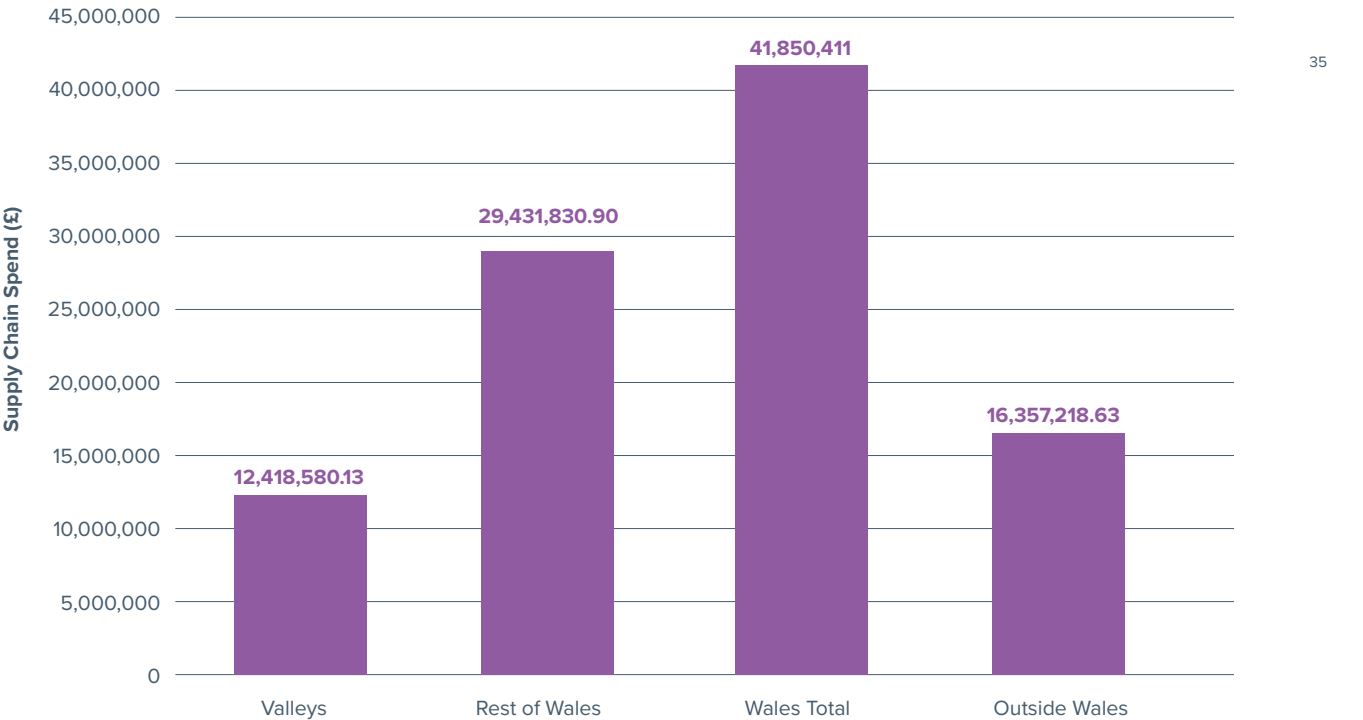
It is a continuous issue that lack of capacity in planning departments and a complex system are making for costly delays for applications and decisions. FSB have called for simplification of the processes as a means of supporting SMEs during this economic crisis. Given the cancellation of key projects in a cycle that is always a long timescale, as well as the upcoming pressures in transition to EVs, there is more need to move quickly to what comes next and what is required for the adequate planning of alternatives (whether adapted version of roads proposals, or new projects in their stead):

- **Planning timescales and costs must be addressed so that bottlenecks do not continue to projects, and that capacity issues in government do not continue to impact on economic development.**

Following the Roads Review, only 15 of a proposed 59 road schemes are now going ahead. It is important that clarity on future alternative investment is provided quickly and that there is a clear signal to the market that investment opportunities will be available in revised or different form. By way of comparison, Ireland’s roads investment programme for 2023 has prioritised the progression of local bypasses around market towns (as against urban centres), thus addressing historical underinvestment by targeting roads at where they are needed most.³⁴

It is important to note the opportunity costs here. A snapshot of what multiplier effects are lost without providing an alternative is important, to show the gap here that needs to be filled in terms of building social and economic benefits through investments.

By way of example, the A465 dualling between Dowlais and Hirwaun has spent many millions of pounds locally and nationally within Wales, as the WG’s own figures illustrate:



³⁴ New Civil Engineer, 'Ireland to invest over £1bn in local and national roads in 2023' (Feb 20 2023)
<https://www.newcivilengineer.com/latest/ireland-to-invest-over-1bn-in-local-and-national-roads-in-2023-20-02-2023>
³⁵ Welsh Government, Annual Report on the Mutual Investment Model 2021-22 (WG:2020)

The project has been a big contribution to apprenticeship and training targets also:

Employment					
KPI	Profiled Cumulative Achieved	Cumulative Achieved	% Target Achieved	% Deviation From Target	Total Target
Jobs Created for individuals not in education, employment or training/long term unemployed (person weeks)	340	341	100%	0.40%	3,100
Jobs Created for disadvantaged workers (person weeks)	851	4308	508%	405.96%	6,500
Apprentices (person weeks)	148	256	173%	72.60%	5,200
Graduates (person weeks)	447	1006	225%	124.98%	2,562
Training including work experience, placement and taster positions excluding apprentices and graduates (person weeks)	318	428	135%	34.83%	3,550

36

The current focus on what will not be done means a detailed investment plan for what will happen is needed, to bring in new socio-economic benefits.

Investment planning is vital for building confidence in alternatives in Public Transport. The Road Pricing review also looks at wider international examples, note experience from congestion charges in London and Stockholm to ensure changes are viewed as broadly 'fair':

- The availability of a reasonable alternative.
- How, where and upon what any nett revenues are spent.
- The nature, and severity, of 'the problem' (and of the solution!).
- Varying implications on differing societal and economic groups.
- Proportionality³⁷

Welsh Government is moving to using its powers over bus strategy to move towards a franchising model and a new model of investment, and Transport for Wales is the Government owned company tasked with developing a better train offer in Wales.

There is a danger that sequencing of transport policy has begun from emphasis on disincentives to car use without detail and credible plan for funding wider public transport, and so without the guarantee of a viable alternative.

Train infrastructure has historically been underfunded in Wales with 11% of the rail networks and just over 1% of the rail enhancements in the years leading to 2018.³⁸ This remains controversial as HS2 spending has been allocated as 'England and Wales' and so unlike Scotland and Northern Ireland, Wales will not gain any additional spending through consequential funding from the project.

Currently, the cost of travel for the Welsh Government by different modes is 11 times more per km for bus than road and 15 times more by rail than road.³⁹

Chronic under-investment over decades means that the scale of change needed is huge, right at the time when revenues from fuel duty will fall, and (if all goes as planned) disappear. It is for this reason that a wider view of the vision for transport financing and revenue raising is required.

³⁶ *ibid*

³⁷ D Turner (2020), p 55

³⁸ M Barry 'The Rail Network in Wales: The Case for Investment' (WG: 2018) <https://www.gov.wales/sites/default/files/publications/2018-12/the-rail-network-in-wales-case-for-investment.pdf>

³⁹ D Turner (2020), p 56

The recent reduction in bus grants and the current position of buses do not provide confidence that viable alternatives are being put in place, with bus services in danger of becoming a 'skeleton service'. Evidence from the Confederation of Passenger Transport (CPT) found Welsh bus patronage is about 30-35% below pre-pandemic levels with The Campaign for Better Transport (CBT) putting local bus and rail use at 75-80% of pre-pandemic levels.

It is therefore a matter of urgency that a clear plan of financing and linking together the investment and pricing of modes of transport be put in place to ensure confidence in connectivity in the future.

- **Welsh Government should provide a clear long term investment plan to provide a positive strategy of what works it will look to do as well as reject, providing clarity and market signals for future investment.**
- **Welsh Government should develop opportunities for new infrastructure projects to ensure that socio-economic benefits lost following the rejected projects in the Roads Review are created elsewhere, whether these are repurposed projects or new alternative projects to address opportunity costs from the gap in infrastructure development for the future.**
- **Welsh Government should invite redrafted proposals in light of its new policy framework to test that its use retroactively in these cases mean that the proposals can be adapted to better fit the new roads strategy.**



EV Charging

The recent Senedd Climate Change Environment and Infrastructure Committee report provides a damning verdict on the Welsh Government's EV strategy so far:

“when it comes to electric vehicles, Wales is lagging behind. Our report on the Welsh Government’s strategy for promoting EVs has revealed a disappointing lack of progress, broken promises, and a worrying lack of ambition.”⁴²

Given the scale of the challenges, the lack of progress is worrying. The lack of progress in building confidence in the system, dealing with range anxiety for example, is a problem that impacts on long term strategy. Small businesses are aware that they need to do their part, but without clear timelines, support, and certainty that their investment in transition is not going to disadvantage them, it is unfair to expect them do so without clear steer and improvement on this front.

⁴² Senedd Climate Change, Environment, and Infrastructure Committee, *The Welsh Government's EV charging infrastructure strategy and action plan* (March 2023)

The Committee has recommended the inclusion of a transport framework that accounts for economic development and the importance of EVs to businesses. This is just as important as a successful modal shift, and should be given equal value in any future EV strategy Welsh Government publishes.

As discussed in terms of levelling up and benefits for rural and areas with fewer transport links, aligning this strategy with a view towards building new economic and employment hubs, making the most of the opportunities the transition may afford, would provide for a wider economic development strategy underpinning the siting of EV charging.

- **Welsh Government should revisit the EV strategy with an aim to provide clarity on direction of travel, with clear timelines, and with an aim to support smaller businesses in the process as part of its just transition ambition.**
- **An economic development and levelling up strategy should align with the benefits transport links and EV charging infrastructure can bring with an aim at looking at the benefits and opportunities and NOT only the risks.**



Chapter 3: How Do We Get There?

As noted above, this area of policy is a difficult one for governments. It is both very difficult to do and for the reasons outlined, necessary to do within a relatively short timeframe. It is complex, cuts across various geographies and governmental responsibilities, and requires will, consensus and resources to succeed. At the same time, competing interests, controversies, and the dangers of being viewed through an ‘attack on motorists’ framing must be managed.

It is worth noting that Welsh Government’s communications are in danger of falling into this trap. While the policy framework outlined by Welsh Government is a necessary corrective and first step, it remains the case that thus far it has largely been focused on a ‘thou shalt not’ message of what we cannot do, rather than proactively identifying opportunities. There is a real need to point to the carrot as well as the stick. Welsh Government must demonstrate that whatever its approach to the development of this infrastructure, it is part of a wider mission of growing the economy.

Sequentially, there is also a fear that the ‘easy’ part for government is the stick – that is in providing disincentives, while creating incentives to public transport comes later. The fear would be that in a time of squeezed resources, the first is then done but not the latter, which is all stick and no carrot.

The fact that Welsh Government have not yet had discussions on this matter with UK Government is of concern, and it is incumbent on both sides to ensure that there is coordination and planning.

- **UK and Welsh Government should work together to ensure a fair, stable and predictable pricing system for roads in the future.**

How to best achieve this balance, so it is not dependent on the cross-government relations and day to day political pressures, is dealt with in further detail in the next chapter on governance.



Devolution Powers over Transport; and governance opportunities in Wales

The UK review on future mobility noted how transport powers are spread unevenly across different layers of government. Road policy is substantially devolved, although with important reservations that include vehicle safety standards and road traffic law.

The report notes that in all polities of the UK transport is dealt with across multiple tiers of governance, but that “England has the most complex system of transport governance, with six tiers at different spatial levels, as well as additional structures around Highways England.”

It could be argued that Wales’s three tiers provide a better overarching streamlined system and so a competitive advantage to that of many regions in England. However, it should also be noted that this also means that cross border issues are ever more complex in terms of negotiating partners.

In the context of the new regional footprint developing in Wales through Welsh Government Corporate Joint Committees (CJCs) following OECD’s recommendations on regional economic development, this can also be used in future UK footprint within Wales as the levelling up and SPF agenda develops.

There is an advantage in needing to build systems for a new era of transport policy, and one that can perhaps learn from the fact that governance in UK in transport policy has largely been reactive (FN) and incremental. This has led to it being prone to complication and not generally conducive to integrated transport policy thinking of the sort Welsh Government are looking to move towards. Planning for how the different tiers work together to maximum effect will be important, and this has been discussed extensively in FSB Wales’ report on infrastructure in Wales (2019) and on business support and funding in Wales (2022). We will revisit these arguments and place them in their context now.

Road Pricing is an area that will require additional consideration. Will it count as a new tax for the purposes of devolution? How the financing of this be managed on a local and regional level?

Governance and infrastructure

Delivering on infrastructure is fraught with complexity and difficulty.

In 2019 FSB Wales produced a report looking at infrastructure in Wales⁴³, and identified the major risks that prevent success – these have all been reflected in Roads strategy in Wales as elsewhere (including in particular 30 years of fruitless discussion on the M4):

- **Lack of overarching forward-thinking strategy:** The political climate tends to incentivise short-term wins and spending. This can promote a lack of focus on sustainable long-term outcomes, and a tendency toward either prestige projects or incremental, piecemeal but uncoordinated actions.
- **Failure to secure consensus, creating high political risk:** Decision-makers tend to avoid early engagement (and conflict), and depend on driving decisions through. This lack of early engagement tends to come back as more highly charged conflict later in the process. Lack of continuity also make risks that decisions can be reversed quickly. A system geared toward building consensus and mitigating against these weaknesses would be better.
- **Weak evidence base and lack of trust:** As decisions are often departmentally driven from the centre, there is a lack of public trust about the evidence marshalled in favour of the decisions made – the basis for evidence often veers according to terms of reference set out precisely to get a given project through rather than according to wider policy frameworks. An independent evidence base provided by a trusted actor or institution at arm's length from government acting in accordance to wider general principles would allow for a debate based around a common ground of evidence.
- **Community opposition and lack of effective engagement:** The net effect of the above is to exacerbate community opposition providing a strongly polarised debate.⁴⁴

We would suggest that the discussions around the recent Roads Review exemplify these risks, with controversy over the review's engagement and decision making, as well as volatility and policy reversals seen as the debate carried through the Senedd even within the governing party.⁴⁵ This creates instability and uncertainty over the long term prospects of any strategic approach, and we would advocate a clear, independent system that allows for long-term stability and consistency in decision-making for what are long term and complex projects.

FSB Wales' suggested answer is that an arm's length body on infrastructure could provide a model - a fully statutory and resourced National Infrastructure Commission for Wales. The current toothless and under-resourced National Infrastructure Commission for Wales does not reflect that model.

Independent institutions can provide also public confidence in the pricing structure:

“To improve transparency around motoring taxation and show clearly that road pricing is to be used to tackle congestion and other societal harms – rather than as a money-spinner for government – a Road Pricing Commission should be established. The Commission would provide annual recommendations for the setting of road pricing rates to meet social objectives such as reduced pollution and congestion.”⁴⁶

⁴³ L ap Gareth, 'Are We There Yet?: Building Better Infrastructure in Wales' (FSB Wales: 2019)

⁴⁴ Adapted from D Slade and N Davies, 'How to design an infrastructure strategy for the UK' (Institute for Government: 2017) p6-7; 'Getting Infrastructure Right' (OECD: 2017); M Coelho, V Ratnoo, S Dellepiane, 'The Political Economy of Infrastructure in the UK' (Institute for Government: 2014).

⁴⁵ BBC Wales News, 'Labour back Senedd vote criticising own Welsh roads review' (March 9 2023) at <https://www.bbc.co.uk/news/uk-wales-politics-64896796>

⁴⁶ S Corfe, 'Miles Ahead', p 9

A New, fully resourced and empowered National Infrastructure for Wales

In our 2019 report we recommended that NICW be constituted as a fully autonomous statutory body charged with delivering on infrastructure.

NICW was established in 2018, with a remit to inform the approach of Welsh Government, working ‘across the regions to identify Wales’ future infrastructure needs for the next 5-30 years.’

However, we noted our concerns at the time that the NICW was ambiguous in its remit, that there were:

“Doubts as to whether Welsh Government itself sees NICW as such an authoritative mechanism for informing infrastructure priorities and does little to reinforce confidence in it among external stakeholders...while the NICW ostensibly has a similar remit to the Australian State of Victoria’s Infrastructure Commission, its functions are unclear. How it relates to other organisations is similarly unclear.

An unclear remit and a lack of progress in its work to-date creates other concerns. While the idea of a strategic vision over 5-30 years are laudable, if in practice its authority is uncertain, and so its recommendations are in danger of falling into a trap in terms of sequencing – of being reactive to where progress has been made rather than proactive in understanding where progress should be made.”

The way the NICW has been resourced and bypassed in terms of any central role – including a very limited engagement and authority in its published 30-year strategy - only serves to reinforce this view. It is a body with currently little resource, capability or authority and has clearly been bypassed in even the limited functions it is meant to take on in feeding into areas such as the Transport Strategy.

This is not a reflection of people on the Commission but rather its resourcing and remit. The National Infrastructure Commission for Wales should be empowered to do the job of delivering and convening and coordinating the complex pieces across the infrastructure network, or there is little point in its existence.

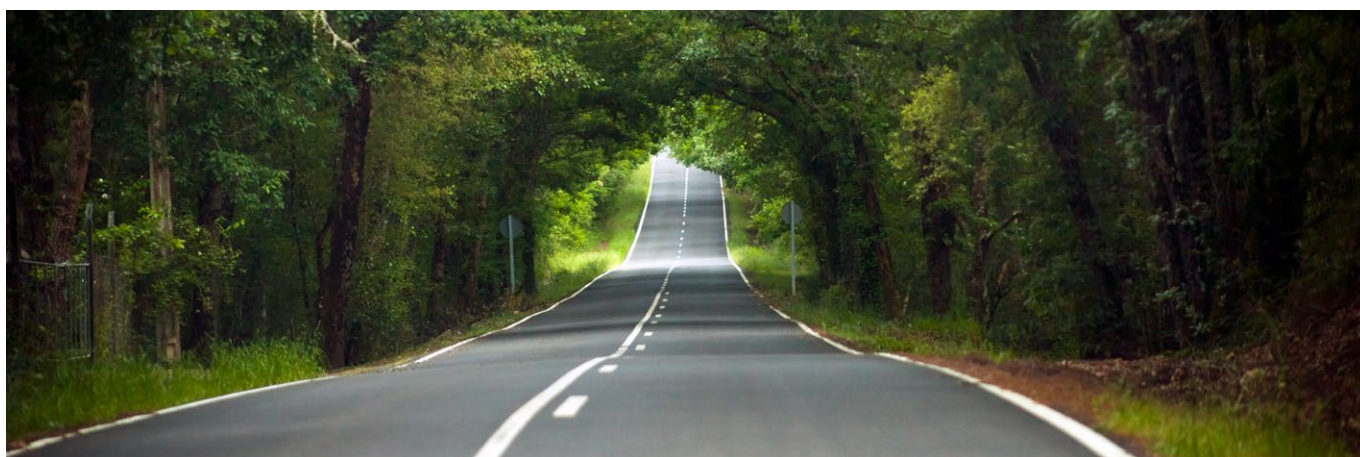
However, the recent Roads Review has again indicated why a standing body bringing in expertise and able to span across the piece (rather than necessarily being tasked with looking at issues in their silos and without wider sequencing) would be valuable to addressing the challenges and in providing some solutions to the problems of delivery on complex infrastructure.



While Transport for Wales (TfW) – as we noted in our 2019 report – will play a vital part in the infrastructure ecosystem in Wales, we would contend that it remains the case that a standing body that stands above the different infrastructure needs is necessary. While being a government owned body, TfW's direct interest will be around its commercial needs first, and so is not in itself suitable to providing that wider bird's eye view.

As we also recommended in 2019, NICW should be reconstituted as a fully empowered statutory body able to implement and deliver on a wider remit of infrastructure in this reconstituted model:

- **Roads strategy should fall under a statutorily empowered and resourced reformed National Infrastructure Commission for Wales as set out in previous FSB policy, providing for:**
 - **A long-term view,**
 - **A trusted and independent evidence-led approach**
 - **Being a focal point for complex multi-governance negotiations,**
 - **Full community and stakeholder engagement**
 - **Accountable in full to the Senedd, UK Parliament and UK and Welsh Governments**



UK and Wales and NICW

The governance of Wales within the UK has changed dramatically over the past 25 years.

In the post-Brexit context, Westminster policy on Wales is as important as it ever was. While there are particularities to this relationship, such tensions are not unique by any means. As the OECD put it in their 'Getting Infrastructure Right' report:

“Collaboration for public investment strategies across jurisdictions and levels of government is difficult, even in situations where the actors involved clearly recognise the need for it. Transaction costs, competitive pressures, resource constraints, differing priorities and fears that the distribution of costs or benefits from co-operation will be one-sided, can all impede efforts to bring governments together.”⁴⁷

⁴⁷ 'Getting Infrastructure Right' (OECD: 2017)

Despite this, decentralised infrastructure spend is not an oddity worldwide and is indeed the norm. Examples such as Danish Infrastructure Commission illustrate how these bodies can work across jurisdictions (e.g. with Germany and Sweden).

Nevertheless, the UK's tradition of 'muddling through' can make these lines of division more difficult and more complicated, with less clear definitions, and less tradition of 'shared powers' than in federal states, for example.

This is another reason why we would state that a single point of contact would help provide a less highly charged space that would allow for a clearly articulated position for Wales and for partnership with UK Government bodies.

There are different ways to look at how this should work, and whether there should be a link across to all governments. However, governments too must take responsibility for ensuring good partnership working. We believe this space helps provide for this, without over-complication and codifying across too many boundaries that could lead to further inertia. Relying on a single body to deal with areas that should be part of norms, ways of working, and wider processes is unrealistic. Our position remains as it did in 2019:

“Both the non-devolved and devolved governments have a responsibility to the citizens of Wales, and this is particularly so where the powers are complex and jagged. It is important therefore that both governments recognise their shared responsibilities and work together to achieve the best outcomes – this is easier if there is a strong institutional consensus within the Welsh Institutions. It will require...a better relationship through departments from both institutions, or, in the intergovernmental processes between governments.”

In the context of road pricing, this can provide a test bed for real institutional alignment looking to a clear long-term goal, aligning too with regional economic development from both Welsh Government (CJCs) and UK Government's levelling up vision.

As we noted in 2019, NICW's statutory autonomy is important to ensure a trustworthy and independent evidence base. However, this also requires the balance of clear lines of public and political accountability and scrutiny. The relationship between Welsh Government and particular infrastructure bodies should be clarified through clear remits and delineation of responsibilities, publicly available in easily understood form. The lines of accountability to the relevant Welsh Minister(s) should be outlined. The role of the Senedd in appointment processes and accountability (particularly with a view to a potentially larger Senedd in future) are important, as are the buy-in and consensus across parties in the Senedd in deciding the Commission's make up and in scrutiny through Committee hearings.

As noted above, our current view remains that having a single point for Welsh institutional strategy, delivery and coordination is preferable. However, we would also expect NICW to be accountable to Westminster Committees and to link up with Wales Office too, particularly in aligning across governmental strategies.

- **A reformed NICW should seek to build its vision, and the consensus that underpins it, across the boundaries of devolution including wider UK bodies.**

Levelling up, and the UK, Devolved and Regional view

Under EU schemes to support economic development, Wales received five times more in funding per-person than England between 2014 and 2020 – owing to higher levels of deprivation⁴⁸. The Levelling Up agenda has therefore been of particular interest to Welsh communities, including those in rural economies.

However, the devolved aspect of Levelling Up has been a source of contention, as Wales had been particularly dependent on EU funding and both the quantum and structure of replacement funding has provoked tensions between the Welsh and UK Governments. UK Labour leader Keir Starmer has committed to give Welsh Government full control over EU funds, and so this issue will remain highly politicised over the next election cycle.⁴⁹

FSB Wales has called for an improved relationship between the Welsh and UK Governments – as has been demonstrated elsewhere through the initial stages of the Freeports developments. Our ‘Building Business’⁵⁰ report explored some of these themes, including the prospect of levelling up activity, as well as recommendations to bolster an improved operating environment for SMEs in Wales.

In applying these general aims to roads policy, there is a real danger that Governments with different priorities work against each other rather than together, with differing priorities leading to parallel developments in competition with one another. The risk is that UK levelling up funding is used to fund local transport projects but against a Wales transport strategy, with policy less joined up.

While on a case-by-case basis, many local communities might welcome this as bringing investment locally – and the principle of localised decision making is something we welcome – if not done effectively, it risks in the aggregate leading to further atomisation and works against the integration to deal with the issues and challenges.

Despite many contentious – and at times dysfunctional – discussions around levelling up there is also cause for optimism. It is widely accepted that the SPF thus far has focused too much on local rather than regional development. Governance structures at the sub-national level (North, South, Mid Wales etc) are beginning to dovetail. For example, the OECD report on regional economic development has led to the creation of CJs, which can largely work in similar way to growth deals.⁵¹

This suggests a means by which neutral spaces can operate to serve communities and provide spaces for better alignment and cooperation across Welsh and UK Governments.

- **The UK Levelling up agenda should look at how the developing regional footprint and governance in Wales (as developed by the OECD for Welsh Government) can be harnessed for more strategic impact for the long term in Wales.**
- **These regional bodies can the serve as ‘neutral space’ for partnership between UK, Welsh, and local governments providing better outcomes and guard against excessive divergence in policy making. They should also bring together the link between central financing, regional strategic planning and local voice for decision making.**

⁴⁸ BBC Wales News, ‘Brexit: Wales’ EU aid replacement progress ‘unacceptable’, October 2020, <https://www.bbc.co.uk/news/uk-wales-54374532>

⁴⁹ Wales Online ‘Keir Starmer promises to give Wales power back over replacement EU funds’ (March 10 2023) <https://www.walesonline.co.uk/news/politics/keir-starmer-promises-give-wales-26439316>

⁵⁰ L ap Gareth, *Building Businesses: The Future of Business Support in Wales* (FSB Wales: Feb 2022) <https://www.fsb.org.uk/resource-report/building-business.html>

⁵¹ *The Future of Regional Development and Investment in Wales (OECD:2020)*, <https://www.oecd.org/fr/cfe/the-future-of-regional-development-and-public-investment-in-wales-united-kingdom-e6f5201d-en.htm>

Conclusion: Journey's end?

It's something of a cliché that we often don't need to know how something works – it's enough that it works. If the car is running and is reliable, we don't need to understand what happens below the bonnet.

This is true, but only if we can be confident that something will work.

There's a similar saying often applied to law and sausages that it's for the best we don't see how they are made. However, when it comes to building public trust and confidence we do need to know where we are going. We need to trust that the challenges we face will be implemented in a way that takes all our issues into account and will try to bring all opportunities to us as a result.

SMEs are more vulnerable to big changes and need a longer transition time and plan, and need to be clear on what the expectations are of them, as well as the opportunities. Welsh smaller businesses need to be confident that despite that change and transition, infrastructure which allows businesses to thrive will remain a priority of governments at local, Welsh and UK levels.

Infrastructure – and roads in particular – are fraught political discussions. They are long-term and so sway to political cycles. They become expensive, can be controversial to the public, and play to widely competing interests. Nevertheless, there are lessons to be learned about how we can bring in such major long term infrastructure changes and how we create a system that is trusted, independent, evidence based and empowered to bring in investment over the long-term.

To succeed, there is a need to look at the policy drivers to decarbonisation as not only managing risk but through opportunity and shaping changes for communities to gain from the changes. Discussions around modal shift are an important part of the discussion, but risk being urban-centric and reductive in terms of the activity of different modes of transport. There is danger that a policy viewed at what we will not be doing creates inertia.

Connectivity has long been an important part of Welsh politics, and particularly so for a country that has historically lost out to infrastructure development. Indeed, Welsh connectivity played a part in the development of the A470 as a Trunk Road in the 1950s (linked to the limited devolution under the Council for Wales and Monmouthshire as the advisory precursor to the Welsh Office). North South link was a key Western Mail campaign in the 1970s ahead of the first devolution referendum.

Welsh Government, having acquired substantial powers over transport over the last decade must build better infrastructure and ride the wave of technological changes to build opportunities for SMEs across Wales. UK and Welsh Government needs to work side-by-side in maximising those opportunities to level up all regions of Wales.

We look forward to SMEs playing their part in the drive toward that destination being the best it can be for SMEs and Wales.

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