

# **Evidence to the EBC inquiry into EU Funding Opportunities 2014-2020 from the Chartered Institute of Logistics and Transport Cymru Wales**

## **Executive summary**

- It is important for Wales to use EU funding for both freight and passenger transport initiatives during 2014-2020, given the current lack of involvement in these schemes
- Connecting Europe Facility funding may be better directed towards developing detailed schemes for implementation post 2020
- INTERREG funding could enable new freight and passenger service ideas to be developed, with the private sector, universities and government potentially being involved in projects
- In terms of government participation, there will be implications from current changes to Regional Transport Consortia, the Wales Freight Group and Unitary Authorities

## **Introduction**

The CILT welcomes the opportunity to provide evidence to this inquiry. With many parts of Wales being within convergence zones, being able to improve transport connectivity through leveraging European funding would support economic development in these areas. However, as will be discussed, the use of such funds is more limited, and particularly concentrated in the passenger transport sector. Where the funds have been used, there is evidence of a good degree of effectiveness. Therefore, being in a position to make better use of the available funding during the period 2014-2020 would be desirable, although there are challenges for achieving this.

## **The Trans-European Network – Transport (TEN-T)**

It is important to place the discussion within the wider context of the TEN-T network, even though this only drives funding decisions for certain schemes. For the period 2014-2020, the EU has identified nine 'implementing corridors', where the bulk of funding will be directed. The UK is included within the North Sea-Mediterranean Corridor, stretching from Ireland and Scotland through the BeNeLux countries to the south of France. Within this 'implementing corridor', Wales is not directly included. This is particularly surprising from a freight perspective given the important role of Welsh ports (and particularly Holyhead) in the Ireland-UK-Continental Europe corridor.

As well as these 'corridors', there are also core and complementary networks of ports, railways and roads. In relation to the Welsh transport network, the following are considered 'core':

- Rail (passenger): Cardiff – Severn Tunnel; Holyhead – Chester – Crewe
- Road (passenger): A55, Holyhead to Chester; A40 and M4, Haverfordwest to Severn Bridge
- Rail (freight): Milford Haven – Severn Tunnel
- Ports: Cardiff; Newport; Milford Haven

Further parts of the Welsh network are considered 'comprehensive'. Given that these corridors generally reflect the main passenger and freight flows in Wales, improvements should have a broader benefit to the Welsh economy.

## **Connecting Europe Facility (CEF)**

The funding through the CEF offers the opportunity to improve the above TEN-T networks. Historically, as contained in other evidence received by the Committee [EBC(4)-04-14(p.3)], no

submissions were made by the Welsh Government in the period 2007-2012. Going forwards, the CILT would be keen for more use to be made of this funding, for both freight and passenger networks.

In the period 2014-2020, there are a number of committed transport projects which will enhance the TEN-T networks in Wales, and particularly the electrification of railway networks in South Wales and the M4 Newport relief road. While funding opportunities for these should be explored, the CILT would caution against making changes that lead to ‘project creep’ and delaying their completion. Beyond these, it may be more appropriate to look for opportunities to leverage funding to develop schemes for implementation after 2020. Two particular opportunities would be the electrification of the North Wales coast and a potential sea/rail terminal at Holyhead. Developing these schemes together would be consistent with Network Rail’s strategy of packaging improvements together to reduce total costs, and avoid unnecessary duplication. The former would represent a natural progression of the UK wide electrification programme, while the TAITH Rail Freight Study has already identified the viability of the Holyhead terminal.

Finally, the Welsh Government should consider strategic support for those projects outside Wales but which may bring benefits to the Welsh transport and logistics industry. For example, investment in steps to improve freight capacity on major routes outside of Wales (such as the Great Western Main Line, West Coast Main Line or Trans-Pennine route) may help support the modal shift from road to rail for traffic flows to/from Wales.

### **INTERREG funding**

This source of funding covers a much wider range of activities, including the development of new services. Project ideas are developed by organisations, local government and universities. The table below shows, for the three INTERREG IV programmes involving the UK/Wales, how many projects were transport orientated, and the number of partners from each country. It is noticeable that, once again, there has been a lack of engagement by Welsh organisations from the transport and logistics industry. This lack of engagement may present challenges when encouraging participation, and particularly leadership in INTERREG V projects.

<b>Programme</b>	<b>Ireland Wales</b>	<b>North West Europe Transnational Co-operation Programme</b>	<b>Atlantic Area Transnational Co-operation Programme</b>
<b>No. of transport related projects</b>	1	21	6
<b>No. of projects including UK based organisations</b>	1	16	5
<b>No. of projects including Wales based organisations</b>	1	1	0

**Table 1: Summary of transport related projects in Wales funded through INTERREG IV**

In terms of potential projects, again the opportunities offered by a rail freight terminal at Holyhead may form a focus for a project. This could be under the auspices of either the Ireland-Wales or North West Europe programmes, the latter being particularly appropriate if Irish landbridge traffic to and from mainland Europe is considered.

Another opportunity may lie in examining the opportunity for a Wales to Spain shipping service. We are aware that such services have been evaluated previously. However, with more ferry

services along the Atlantic seaboard emerging (such as LD Lines from Poole to Gijon), it would be appropriate to revisit this, especially if the project can involve organisations at both ends of the route. This idea would be suited to the Atlantic Area programme.

Transport challenges in rural areas may also provide a focal point for projects. For passengers, the successful Bwcabus scheme (which received EU support) may be transferable to other regions, both within Wales and elsewhere in Europe. Business Plan 3 of the Wales Rural Development Partnership may be able to be used to support development/retention of rural bus networks whose prime purpose is to serve tourism. The CILT also sees potential long term challenges in logistics operations remaining cost effective in these areas. Therefore, joint work with others in Europe to examine this would be beneficial. It may be that other INTERREG programmes, with cross-Europe participation, as more appropriate for funding these.

As noted earlier, there are many different organisations involved in the projects. Industry participation would help ensure that the projects make a significant difference to the Welsh transport industry. However, given current pressures in the sector for both passenger and freight operators, finding organisations who can give the time to being involved in such projects may be challenging.

Universities also often become involved, and the performance measures imposed on the project ensure that there are practical applications. Within Wales, there are a number of universities with research expertise in transport and logistics (Cardiff University, University of South Wales, University of Wales Trinity St Davids). These universities have experience of obtaining funding from Europe, both through INTERREG and other schemes.

Finally, there are examples of local government becoming involved. In the Ireland-Wales programme, the level of involvement is at the unitary authority level, although the impact of the changes proposed by the Williams Commission is difficult to gauge at this stage. For the other programmes, experience from the rest of the UK suggests that often at Integrated Transport Authority Level / Combined Authority Level tend to predominate in such programmes given the scale of their staffing resource which enables them to participate in such programmes. For freight in particular, where movements often cross unitary authority boundaries, the Regional Transport Consortia would have provided a suitable level of involvement, although the CILT notes that these organisations are now being disbanded. The City Region Boards are at a very early stage and whether or not they will have the capacity or inclination to participate in such programme is not yet known.

Regardless of who is the most appropriate to participate, the vacuum of experience resulting from the lack of involvement in INTERREG IV projects may be a barrier to the Welsh transport industry securing more funding.

## **Conclusion**

Overall, CILT believes that there are opportunities for the logistics and transport industry from EU funding initiatives during the next six years. This funding can both complement current investment and development plans, as well as lead to the consideration of innovative solutions to challenges within Wales. However, we are concerned that the current lack of engagement in such funding opportunities may negatively impact on activities during this period. Further, given current

developments in local, regional and national level government in relation to transport generally, it is not clear the extent to which public sector support and encouragement will be forthcoming.