

Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:	For further information contact:
Hybrid – Committee room 5 Ty Hywel and video Conference via Zoom	Robert Donovan Committee Clerk
Meeting date: 21 October 2021	0300 200 6565
Meeting time: 14.30	SeneddEconomy@senedd.wales

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv

Private pre-meeting (14.20–14.30)

1 Introductions, apologies, substitutions and declarations of interest

(14.30)

2 Paper(s) to note

(14.30)

2.1 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd Re: The Official Controls (Extension of Transitional Periods) (England & Wales) Regulations 2021

(Pages 1 – 2)

Attached Documents:

The Official Controls (Extension of Transitional Periods) (England & Wales) Regulations 2021



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2.2 Letter from Minister for Education and Welsh Language re: Legislative Consent Memorandum for the Professional Qualifications Bill

(Pages 3 – 9)

Attached Documents:

Legislative Consent Memorandum for the Professional Qualifications Bill

Letter from the Chair to the Minister for Education and Welsh Language

2.3 Letter from the Minister for Economy re: Border Control Posts

(Pages 10 – 24)

Attached Documents:

Letter from the Minister for Economy re: Border Control Posts

2.4 Letter from the Minister for Economy re: UK Shared Prosperity Fund

(Pages 25 – 34)

Attached Documents:

Letter from the Minister for Economy re: UK Shared Prosperity Fund

2.5 Letter to the Minister for Economy re: International agreement: Free Trade Agreement between the UK, Iceland, Liechtenstein and Norway

(Pages 35 – 36)

Attached Documents:

Letter to the Minister for Economy re: International agreement: Free Trade Agreement between the UK, Iceland, Liechtenstein and Norway

2.6 Letter from Director General Economy, Skills and Natural Resources to the Chair Public Accounts and Public Administration Committee

(Pages 37 – 38)

Attached Documents:

Ensuring Value for Money from Rural Development Grants

2.7 Letter from the Chair Public Accounts and Public Administration Committee to President NFU Cymru

(Pages 39 – 41)

Attached Documents:

Welsh Government's delivery of the Wales Rural Development Plan 2014–2020

3 Minister for Rural Affairs and North Wales, and Trefnydd – General Ministerial Scrutiny

(14.30–15.50)

(Pages 42 – 53)

Lesley Griffiths MS – Minister for Rural Affairs and North Wales, and Trefnydd

Tim Render – Director, Land, Nature and Food

Dean Medcraft – Director– Finance & Operations

Christianne Glossop – Chief Veterinary Officer

Matt McKeown – Head of Environment, Energy & Rural Affairs Government Business

Attached Documents:

Research Brief

Break (15.50–16.00)

4 Minister for Finance and Local Government – Subsidy Control Bill

(16.00–16.30)

(Pages 54 – 84)

Rebecca Evans MS – Minister for Finance and Local Government

Gwenllian Roberts – Chief Regional Officer – North

James Fenwick – Senior State Aid Policy Officer

Attached Documents:

Research Brief

Legal Advice Note

5 Motion under Standing Order 17.42(ix) to resolve to exclude the public for the remainder of the meeting

(16.30)

6 Private

(16.30–16.45)

Consideration of evidence following the meeting

Ein cyf/Our ref: MA-LG-2983-21

Paul Davies MS
Chair
Economy, Trade, and Rural Affairs Committee.

Paul.Davies@senedd.wales

27 September 2021

Dear Paul

The Official Controls (Extension of Transitional Periods) (England & Wales) Regulations 2021

The Secretary of State proposes to make the above named Statutory Instrument (SI) ("the Instrument") under powers conferred by:

- Article 144(6) of, and paragraph 2 of Annex 6 to, Regulation (EU) 2017/625 of the European Parliament and of the Council on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products;

Operability legislation made in late 2020 under the European Union (Withdrawal) Act 2018 ("the EU Withdrawal Act") set out a 'transitional staging period', to allow controls on EU SPS imports to be introduced over several months. The staging is intended to help trade sectors and related controls' infrastructure to be ready for the additional volume of biosecurity checks, which are one consequence of the decision to leave the European Union.

The Instrument amends, in relation to Wales, the appointed end date of the transitional staging period insofar as it relates to documentary checks on products of animal origin and certain animal by-products and delays the requirement for prior notification of products of animal origin. The Instrument will also remove the requirement for health certificates during the transitional staging period, in relation to England only. The following legislation will be amended:

:

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Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

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- Regulation (EU) 2017/625 of the European Parliament and of the Council on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products;
- The Trade in Animals and Related Products Regulations 2011 (applies to England only);
- the Official Controls (Extension of Transitional Periods) Regulations 2021

Without these amendments, from 01 October 2021, import and exports businesses in GB and EU respectively will be obliged to comply with the SPS control requirements as currently set out in legislation.

The extension will allow businesses in Wales affected by the pandemic to familiarise themselves with the new SPS compliance requirements and IT systems and ensure that necessary infrastructure and processes are in place at Border Control Points, further minimising the risk of any disruption.

I am writing to let you know I give my consent to the Secretary of State to make the Instrument in relation to Wales. I understand the SI will be laid before the Houses of Parliament on 28 September 2021 and will be subject to the negative procedure. However, in order to ensure the requirements do not take effect from 01 October 2021, the Instrument will breach the 21 day convention.

In these exceptional circumstances when we are required to consider and correct legislation within a tight timeframe and with finite resources, the Welsh Government's general principal is that, if appropriate, we permit the UK Government to legislate on our behalf. Should consent be withheld, these corrections would need to be made through legislation made by the Welsh Government. In this instance, there is insufficient time and resources to be able to draft and lay such regulations to come into force in time. If consent is not given, the requirements for documentary controls on certain specified imports will come into force.

I am copying this letter to the Counsel General and Minister for the Constitution, Minister for Climate Change, Deputy Minister for Mental Health and Wellbeing and the Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping initial 'L'.

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

Jeremy Miles AS/MS
Gweinidog y Gymraeg ac Addysg
Minister for Education and Welsh Language

Agenda Item 2.2



Llywodraeth Cymru
Welsh Government

Paul Davies MS
Chair
Economy, Trade and Rural Affairs Committee
SeneddEconomy@senedd.wales

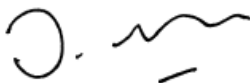
4 October 2021

Dear Paul,

Thank you for your letter of 28 September regarding the Legislative Consent Memorandum for the Professional Qualifications Bill.

I attach a response to the questions you have raised.

Yours sincerely,



Jeremy Miles AS/MS
Gweinidog y Gymraeg ac Addysg
Minister for Education and Welsh Language

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Correspondence.Jeremy.Miles@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

1. To provide its assessment on the impact of the Bill on regulated professions in Wales;

The UK Government is seeking to establish a new UK wide system for the recognition of all overseas qualifications and, as part of that, to replace the interim arrangements that were put in place at the end of the transition period for the recognition of European Economic Area (EEA) and European Free Trade Association (EFTA) qualifications (consisting of EU, Norway, Iceland and Liechtenstein and Swiss qualifications) with a single piece of legislation covering the whole of the UK.

The Welsh Government's concerns remain around the impact of the Bill on regulated professions which are devolved. Both the Education Workforce Council (EWC) and Social Care Wales (SCW) already have powers enshrined by Welsh Ministers in Welsh legislation to recognise international qualifications and determine whether they are equivalent to UK qualifications, and to enter into regulator recognition agreements, so would not need to use the power provided through this Bill.

However, the same may not be true for professions which are devolved but not currently subject to any existing Welsh regulation, and it is unclear quite what the impact would be on these professions.

The impact on regulators of the requirement to cooperate with the assistance centre remains uncertain as there is not sufficient detail in the Bill, nor in any guidance released to date, to be able to properly quantify impact.

In relation to the range of teaching and social care professions that are regulated by EWC and SCW, there could be significant impact depending on how UK Government ministers utilise the powers under the Bill as currently drafted. Although we have had assurance that the UK Government does not intend to use the concurrent powers in the areas of devolved competence without the agreement of the relevant Devolved Governments, this commitment does not feature in the Bill, and as such offers comfort only for as long as the current UK Government decides to abide by it. It remains a significant cause for concern that the powers in the Bill could be used to overturn Welsh Government policy and primary legislation made by the Senedd in a devolved area.

There is already a long standing and efficient system for information sharing between regulators, both within the four nations and overseas. It is the opinion of the Welsh Government that legislation is not required to facilitate this. There is a risk that formalising these existing arrangements may inadvertently change the existing protocols and procedures that have developed over a number of years thereby introducing inefficiencies and barriers.

2. To outline the impact on regulated professional qualifications in Wales for the purposes of ascertaining demand for certain professions

In terms of managing the demand to enter Wales from international teachers we have been able to do this since the end of the transition period and a small amount of international teachers have successfully used this route to have their qualifications recognised, awarded Qualified Teacher Status (QTS) and thereafter register with EWC to work in Wales' maintained schools. It should be noted that before EU Exit EU teachers were able to apply for recognition and register to work in Wales and are still able to do so.

In relation to professional demand for school teachers in Wales this is determined utilising the Teacher Planning and Supply Model (TPSM) which is the core part of the process in relation to determining the annual allocations for new student teachers. At present the TPSM does not include incoming international teachers as a specific data input and given the current low level of this cohort there are no plans currently to do so. The Welsh Government's current policy is to prioritise a workforce that has undergone accredited Initial Teacher Education (ITE) in Wales to support both the new ITE Partnerships and to ensure a workforce trained to deliver the new Curriculum. In previous years there was a reliance on "re-entrants" within the model (previously qualified teachers that have left the profession only to re-enter later). This figure can include UK wide qualified teachers and international/EU teachers as a combined cohort. In recent years, due to the ITE reforms and the new Curriculum, we have decreased the weighting we put on re-entrants, this increases the outputs in relation to the required demand for new teachers in the profession coming specifically from Wales new ITE system. We are closely monitoring the impact of the new Welsh regulations with EWC alongside workforce demand.

There is no requirement to hold QTS to teach in independent / private schools or provide education services to private individuals. This is why the Welsh Government is concerned about the Bill and the links to future trade agreements; private sector teachers can already come and work in the UK and Wales as there are no requirements for a qualification to work as a teacher in the private sector. Professional teaching qualifications are a requirement solely for the state-funded education sector in Wales.

SCW already oversees the regulation of professional qualifications in social care in Wales and it has good communication with its counterparts in the other three nations of the UK. This allows the regulators to consult to discuss overseas professional qualifications and determine how these compare with Welsh qualifications. As UK qualifications are broadly similar, it can be a good indicator of whether an individual may need to do some additional modules/courses in some areas but SCW will work with individuals to help meet these requirements. It is difficult to determine exact impacts without further work with SCW to understand the numbers of EU or international social workers or social care workers coming into Wales, as this depends on whether regulators are able to compare these professional qualifications with regulatory or professional bodies across the world.

- 3. To provide an update on discussions with the UK Government on its request for clarification on the scope of the Bill and its application to certain sectors, such as further education.*

The UK Government has written to the Welsh Government, and to EWC and SCW, to determine the professions and regulators that are considered within scope of the Bill. My officials continue to work with UK Government officials to clarify the precise content and implications of this, and are currently in the process of agreeing a list of professions and regulators that are within scope of the Bill, which the UK government intends to publish over the coming weeks.

I understand that the UK Government will shortly be issuing further guidance on the interpretation of the definitions in the Bill. The Welsh Government is of the opinion that the Further Education sector in Wales is in scope of the Bill. Plainly this would be problematic if the UK Government were to exercise its powers to make changes to regulations in Wales which were not consistent with our policy.

- 4. To provide details of any discussions undertaken with the UK Government regarding any amendments that the Welsh Government has requested be made to the Bill.*

I wrote to UK Government Minister Lord Grimstone on 18 June to express my concerns with the Bill, and highlighted my concerns on the inclusion of concurrent powers. The Counsel General and Minister for the Constitution has also written to Baroness Bloomfield on concerns with the concurrent powers. I am pressing for an amendment to the Bill which would ensure that the powers of the Secretary of State and Lord Chancellor could not be exercised in areas devolved to Wales without obtaining the consent of the Welsh Ministers. I am also pressing for an amendment which would provide for a specific carve out from the requirements of Schedule 7B. I made Lord Grimstone aware of this in a meeting I had with him on 19 July, and my officials continue to take this forward.

My position remains that I cannot recommend the Senedd consents to this Bill until we see an amendment which ensures consent of Welsh Ministers is obtained.

- 5. To provide an update on discussions the Welsh Government has had with affected regulators in Wales, including public sector organisations.*

The Welsh Government meets regularly with devolved regulators in Wales, namely Education Workforce Council and Social Care Wales. The regulators do not see the need for this Bill and have expressed concerns centred on the concurrent powers, and what might happen if the UK Government uses the powers in the Bill to legislate in areas that are within their responsibilities and remit.

Discussions with regulators in Wales will recommence as the Bill moves to report stage.

- 6. To describe the relationship to, and combined effect of, the Bill with other relevant UK arrangements, such as the UK Internal Market Act 2020, the new immigration system and future international agreements.*

The United Kingdom Internal Market Act 2020 contains provision of UK market access to services in Part 2 and UK market access to professional qualifications and regulation in Part 3. Part 3 has an exception, however, for school teachers.

In relation to immigration the EWC is already able to recognise teaching qualifications from outside of the UK and therefore the Professional Qualifications Bill will not have a significant impact. However, in order to work as a teacher in Wales, non-UK candidates will have to demonstrate that they have the necessary visa or status. Those with a job offer can apply for a skilled worker visa, provided they can show that their salary meets the minimum requirements. Those from the EEA or Switzerland may have a pre-existing right to work in the UK under the EU Settlement Scheme.

The first pay point (M1) on the main pay scale from September 2020 for classroom teachers in Wales was £27,018. While this does exceed the baseline requirement for migration into the UK (£26,500) there are additional costs which must be factored in (application and visa costs for example) which may impact on ease of entry for international teachers. In addition it would appear that only certain teachers are on the Shortage Occupation List, for example Secondary teachers in maths, physics, science (where an element of physics will be taught), computer science and modern foreign languages.

For each of these reasons, the immigration system may be a barrier for non-UK qualified teachers.

In terms of future international agreements – state funded education is excluded from trade deals and we would therefore not expect to see any agreements in relation to school teachers in trade agreements.

To the extent that difficulties attracting and accessing workers from outside of the UK is a factor in social care workforce issues, the Professional Qualifications Bill will not have a significant impact in Wales. This is because SCW is already able to recognise qualifications from outside of the UK. The immigration system rather than issues with recognition of professional qualifications is likely to be a more significant factor.

The Welsh Government is deeply concerned that this Bill could be used to facilitate trade deals that in future could encompass a range of professions, undermining the role of our workforce regulators, the standards we set for these professions, and undermining qualification and registration requirements because of the desire to secure trade deals.

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Jeremy Miles MS
Minister for Education and Welsh Language

28 September 2021

Dear Minister,

Legislative Consent Memorandum for the Professional Qualifications Bill

The Committee considered the LCM for the Professional Qualifications Bill at its last meeting on 16 September 2021.

The Committee's report on the LCM has been laid in advance of the reporting deadline of 30 September. I write to draw your attention to information requested by the Committee in advance of plenary debate on the LCM, as set out in paragraphs 29 and 30 of the report:

The Committee would like Welsh Government to provide further information on the following matters:

- To provide its assessment on the impact of the Bill on regulated professions in Wales;
- To outline the impact on regulated professional qualifications in Wales for the purposes of ascertaining demand for certain professions
- To provide an update on discussions with the UK Government on its request for clarification on the scope of the Bill and its application to certain sectors, such as further education.

-To provide details of any discussions undertaken with the UK Government regarding any amendments that the Welsh Government has requested be made to the Bill.

-To provide an update on discussions the Welsh Government has had with affected regulators in Wales, including public sector organisations.

-To describe the relationship to, and combined effect of, the Bill with other relevant UK arrangements, such as the UK Internal Market Act 2020, the new immigration system and future international agreements.

Given the lack of time available for further scrutiny of the Bill's provisions or to publish related Committee correspondence, the Committee calls on the Welsh Government to provide the information requested as soon as possible, and make it available to all Senedd Members in advance of plenary consideration of the Legislative Consent Motion associated with this Bill.

Best regards,

A handwritten signature in black ink that reads "Paul Davies". The signature is written in a cursive style with a large initial 'P'.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref VG/0596/21

Paul Davies MS
Chair, Economy, Trade, & Rural Affairs Committee

Llyr Gruffydd MS
Chair, Climate Change, Environment, and Infrastructure

Delyth Jewell MS
Chair, Culture, Communications, Welsh Language, Sport, and International Relations

4 October 2021

Dear Chair,

As a direct result of leaving the EU, the UK Government's Border Operating Model requires all Sanitary and Phytosanitary goods entering the UK to be subject to checks at designated Border Control Posts (BCPs). Without these checks, food, plants, products of animal origin and live animals will not be able to enter from the Republic of Ireland to the UK via Welsh ports.

The UK Government introduced the policy for government to provide BCPs where ports do not have the capacity to accommodate the new infrastructure within their curtilage. This applies to a number of ports throughout the UK, including Dover and the Channel Tunnel in England; Holyhead, Pembroke Dock and Fishguard in Wales; and Cairnryan in Scotland. Welsh Government inherited the delivery in Wales late in 2020.

Delivering BCPs for Welsh ports is one of the largest and most complex infrastructure delivery programmes Welsh Government is engaged in. It forms a significant financial and delivery commitment which is over and above the existing settlement from UK Government. It therefore features in the Welsh Government's Spending Review bid to HM Treasury for the necessary funding to deliver this vital infrastructure for the long term prosperity and connectivity of the Welsh and wider UK economy.

Accompanying this letter are three documents with the aim of providing you with an overview of BCP requirements and delivery progress in North and South West Wales. The briefing pack includes:

- A background briefing note setting out why BCPs are required and their function.
- A technical briefing on progress and high level cost estimates.
- A copy of the recent written statement from Lord Frost on unilateral changes to border control dates relating to Sanitary and Phytosanitary goods.

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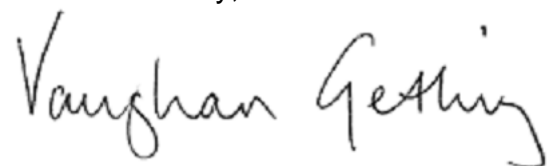
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I hope this is helpful and I would be pleased to discuss it with you.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive style with a prominent initial 'V'.

Vaughan Gething AS/MS

Gweinidog yr Economi

Minister for Economy

Border Control Posts in Wales

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United Kingdom's Border Operating Model:

The Border Operating Model (BOM), published in June 2020 and revised in July 2021, outlines the UK Government's border arrangements for imports and exports following the UK's exit from the European Union and the end of the transition period.

Part of the BOM consists of 'additional requirements' for certain goods. These relate to a number of devolved responsibilities, such as Sanitary and Phytosanitary (SPS) controls. In this case, various checks are being introduced to protect bio-security: to protect animal and public health, and animal welfare and to control disease, such as animal diseases and invasive plants.

The additional requirements for imports are to be implemented according to a phased approach, to allow time to establish necessary infrastructure at points of entry (POEs) to Great Britain (GB). The measures will be introduced for a variety of goods in three distinct stages separated by about 3 months each.

The border is a confluence of devolved and reserved functions, multiple agencies, new infrastructure and systems, and new capabilities. The Border Operating Model does not apply to Northern Ireland where separate arrangements are in place.

Key Stages for the Introduction of Border Checks:

- The requirement for pre-notification of agri-food imports will be introduced on 1 January 2022 as opposed to 1 October 2021.
- The new requirements for Export Health Certificates, which were due to be introduced on 1 October 2021, will now be introduced on 1 July 2022.
- Phytosanitary Certificates and physical checks on SPS goods at Border Control Posts, due to be introduced on 1 January 2022, will now be introduced on 1 July 2022.

What is a Border Control Post?

A Border Control Post (BCP) is an inspection post designated and approved in line with retained EU legislation for carrying out checks on animals, animal products, plants and plant products arriving from third countries at the GB border. These checks are carried out to protect animal and public health, and animal welfare and control disease.

Live animals, animal products, plants, plant products and wood from the EU will need to enter Great Britain (England, Wales and Scotland) via a border control post (BCP) from March 2022.

This rule already applies to those animals and goods coming from a country outside the EU, sometimes referred to as Rest of World (ROO) trade.

To be designated by the competent authority, BCPs must comply with specific requirements on facilities, equipment and staff. For example, a BCP must have:

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- sufficient number of suitably qualified staff
- premises and facilities appropriate to the nature of volume of consignments,
- equipment to enable the performance of checks, including IT equipment
- access to the service of official laboratories
- arrangements in place to prevent risk of cross contamination and comply with biosecurity standards

These requirements are set out in [Article 64\(3\) of Regulation \(EU\) 2017/625 on official controls \(OCR\)](#).

To comply with biosecurity standards, a BCP must also meet specific requirements for:

- unloading areas
- inspection rooms/areas
- storage facilities
- changing rooms

These requirements are set out in [Commission Regulation 2019/1014](#).

Why is Welsh Government Developing Border Control Posts?

Without appropriate BCP facilities, the relevant type of goods cannot be imported at that port. Not all ports import the full range of SPS goods (for example few ports enable the import of live animals other than pets).

The investment in BCP facilities would normally be a commercial investment decision for ports with the Government's responsibility (UK Government in England and Welsh Ministers in Wales) limited to designating the facilities (ensuring their compliance with the OCR).

The Border Operating Model (BOM) sets out the UK Government's approach to introducing a checking regime for EU SPS goods, including the commitment that, where facilities could not be accommodated within the boundary of the port, inland facilities would be provided by the Government.

This commitment applied to Eurotunnel, the port of Dover, Holyhead, Pembroke Dock, Fishguard and the Scottish port of Cairnryan.

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Where are the EU Facing Ports in Wales?

The ports of Holyhead, Fishguard and Pembroke Dock all accept a range of SPS goods. To be able to facilitate the import of such goods into the United Kingdom from the Republic of Ireland or indirectly from the rest of the EU, BCPs will be required.

As well as the import of SPS goods into Wales, Welsh ports act as gateways connecting the Republic of Ireland to the rest of GB and Europe.

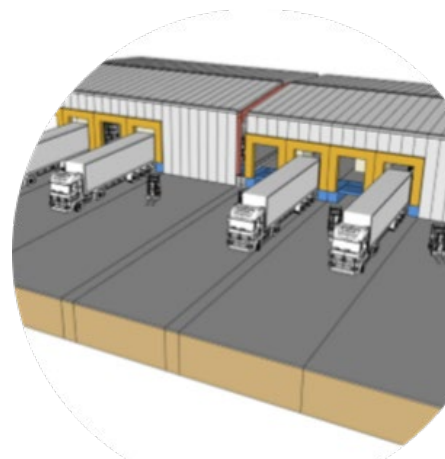
For accompanied Ro-Ro (roll on, roll off) freight Holyhead is second only to Dover, and the 5th busiest in the UK handling 6% of the total UK Ro-Ro freight each year. Holyhead is ranked 1st for accompanied and 4th for unaccompanied Ro-Ro freight traffic when considering just the Irish Sea ports. Pembroke Dock and Fishguard are far smaller, with two ferries each every 24 hours each.



What Does a Border Control Posts Look Like?

A typical BCP will be formed from large modular steel sheds with hydraulic dock levelers for unloading vehicles. It will incorporate internal inspection spaces with temperature-controlled storage and product separation. In addition, it will provide office accommodation and welfare areas for staff.

The Holyhead BCP is expected to handle no more than 25 checks per day, whilst 10 checks per day are expected to be completed for the South West Wales ports. In comparison, the BCP serving Kent ports might check in the region of 400 consignments per day.



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What is Checked at a BCP?

Checks will be conducted on a proportion of the SPS goods entering Great Britain (England, Wales and Scotland) from the EU. SPS goods include live animals, animal products, plants, plant products and wood.

Products of Animal Origin is either:

- **For human consumption:** such as meat, dairy, eggs, fish, honey, composite products such as pizzas, pies etc. Packaged / tinned food. Ambient, fresh (chilled) or frozen food.
- **Animal by-products:** such as feathers, hides, bone, hatching eggs, hay, straw, fertiliser, blood products.

Documentary Checks: these will be a combination of physical and remote checks including elements such as importers details, consignment information, purpose of movement, port information, supporting information (e.g. Export Health Certification), whether or not import is permitted, and any known markers to suggest ID / physical inspection is necessary.

Identity Checks: these include verifying the contents of vehicle match paperwork, customs seal check or more in depth check requirements, and checking the stamps, official marks, official labelling, and / or health / ID marks on the product or its packaging.

Physical Checks: these include checking whether the cold chain has been maintained during transport, wrapping / packing is intact, transport conditions suitable, and, labelling is correct. Organoleptic inspection (smell, colour). Simple physical or chemical tests (e.g) cutting, thawing, cooking). Laboratory tests – microbiology etc. Offsite.

Although documentary checks can generally be carried out remotely, some physical checks will be required, and these will take place at a BCP. These physical checks are expected to cover only a small sample of SPS goods (and vehicles carrying other types of goods will not be subject to checks at a BCP).

The percentages of checks required are derived from the following sources: POAO checks from the OCR; Physical checks and live animals are based on DEFRA's analysis of various commodity types; and, Plants and Plant Products and High Risk Foods are based on Welsh Governments analysis of the commodity types. Checks will be completed largely on commercial traffic, either as single or mixed consignments; however, checks will also take place for pets, breeding stock, showing & event stock.

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Standards are agreed and set at a UK level in collaboration with the various Government administrations and agencies, such as the 4 Chief Veterinary Officers.

Inspection Staff Include:

- Animal and Plant Health Agency (a UK body) check live animals and plants and enforcement within the BCP.
- Local Authority check fish, Products of Animal Origin and High Risk Food and Feed Not of Animal Origin
- Local Authority also undertake ancillary work outside of the BCP (e.g. taking enforcement action)
- Forestry Commission check wood and forestry products
- Centre for Environment, Fisheries and Aquaculture Science (CEFAS) checks ornamental fish.

HM Revenue & Customs – Inland Border Facilities:

HM Revenue & Customs (HMRC) is a UK Government agency with responsibility for customs checks. HMRC already have a presence at the South West Wales ports and is in the process of developing a dedicated Inland Border Facility (IBF) for Holyhead port. The IBF will also accommodate UK Border Force (UKBF) checks.

The IBF is a separate facility to the Holyhead BCP; however, there will be some joint working where multiple checks are required and consignments need resealing by customs officials.

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Llywodraeth Cymru
Welsh Government

Context for Welsh Ports:

The Ports in Wales are strategically important both internationally and regionally for commercial and passenger movements. They play a vital role in the movement of communications, people and goods between Republic of Ireland and Wales, England and mainland Europe.

The Ports act as a gateway to the UK National Rail Network and the main highway network, connecting the Republic of Ireland to the rest of the UK and Europe. This is a strategically important means of access between the Republic of Ireland and European Union in high value or time sensitive goods utilising short sea crossings between Dublin – Holyhead and Rosslare – south Wales.

In 2019, there were some 600,000 inbound freight movements from Ireland passing through Welsh ports. Of these, a sixth, some 92,000 movements would be of BCP interest, and thus potentially subject to the new SPS checking regime.

For accompanied Roll on – Roll off freight, Holyhead is second only to Dover, and the 5th busiest in the UK handling 6% of the total UK Roll on – Roll off freight each year. Holyhead is ranked 1st for accompanied and 4th for unaccompanied Roll on – Roll off freight traffic when considering just the Irish Sea ports.

The port of Milford Haven in SWW is the UK's fifth biggest port and the largest port in Wales, accounting for two-thirds of Welsh port traffic. The EU and US are the Port's largest trading partners, with additional imports coming from Qatar and Algeria. Pembrokeshire is a critical link in the UK's energy supply chain, with a cluster of key energy companies including one of the UK's largest refineries. The key businesses in the region include Valero, Shell, Petronas, Puma Energy, Qatar Petroleum, and RWE.

The BCPs will provide capacity for live animals and will be the only capacity for live animals on direct Ireland-UK routes. Welsh, Irish and UK businesses will be reliant on commodities flowing through the ports with wider supply chain impacts if the routes were to be affected.

Without intervention, the ports would not be able to handle SPS goods leading to a shortfall of SPS capacity across the Irish Sea routes, re-routing of volumes on to other routes and a significant reduction or cessation of certain SPS trade between Ireland and GB.

Border Control Posts in Wales

Technical Briefing Note

September 2021



Llywodraeth Cymru
Welsh Government

Introduction

This document supplements the background briefing note on Border Control Posts (BCP). It provides the current position on BCP design, delivery and funding in Wales as at 10 September 2021.

Holyhead Port

Site:

The Holyhead BCP will be located on Welsh Government owned land at Parc Cybi, Holyhead, some 1.7 miles from the port. The site has already been partially developed as a HGV stacking area as part of the contingency planning for the end of the EU transition period. At 15 acres it provides space for swim lanes, fencing, inspection buildings, offices, parking, sustainable drainage, screening and other environmental mitigations.

Planning:

Planning permission is being sought via Special Development Order (SDO) under section 59 of the Town and Country Planning Act 1990. Planning permission and any conditions are made through a Statutory Instrument (SI). The planning application was submitted to Welsh Ministers on 06 August 2021. A decision is expected later in the year.

Consent is being sought for a Consenting Envelope. The Consenting Envelope sets out the maximum assessed parameters of the development, within which all development will be limited to. The SDO limitations will be designed to mitigate the potential impacts of the development. The Consenting Envelope will ensure that the final design of the BCP does not trigger significant environmental effects, whilst also allowing an appropriate degree of flexibility to accommodate design developments.

The community consultation ran for a period of 21 days from 24 March 2021 until 13 April 2021, whereas technical stakeholders received an extended period. The consultation departed from the Welsh Government policy of allowing a 12-week period. This departure allowed for early engagement with stakeholders and take account of the requirements for checks as set out under the UK Border Operating Model. There is no statutory requirement to consult before making a Special Development Order (SDO).

Welsh Government is currently in the process of developing its response to the community consultation before writing to respondents.

Border Control Posts in Wales

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Welsh Government

Designs:

The BCP is a bespoke facility designed to accommodate checks on the full range of SPS on live animals, animal products, plants, plant products and wood from the EU and the possible acceptance of rest of world (ROW) SPS trade.

At 15 acres the site will provide space for swim lanes, fencing, inspection buildings, temperature controlled storage, offices, parking, sustainable drainage, screening and other environmental mitigations.

Concept designs are near complete and Welsh Government is undertaking a BREEAM assessment of the development's environmental, social and economic sustainability performance with a target rate of BREEAM Excellent.

Detailed designs will be developed in conjunctions with the appointed construction Contractor.

Construction:

Welsh Government issued the construction invitation to tender (ITT) on 09 August and it will close on 17 September. The ITT was issued via the North Wales Construction Partnership framework, administered by Denbighshire County Council.

A 2 stage design and build procurement strategy has been selected. The 2 stage approach is structured as follow:

Stage 1 – Contractors design team works alongside Client design team to improve deliverability, programme works, establish supply chain and refine project cost.

Stage 2 – On agreement of project cost established at end of Stage 1, the contract for the construction works will be confirmed and the Contractor will commence site works.

Construction completion is expected in early 2023 with an operational date of approximately mid-2023.

Border Control Posts in Wales

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Llywodraeth Cymru
Welsh Government

Fishguard & Pembroke Dock – South West Wales Ports

Site:

Due to the range of facilities required, but relatively low volumes, Welsh Government is exploring the provision of a single facility for South West Wales that would serve both (rival) ferry ports, located some 26 miles apart. Welsh Government do not own suitable sites in South west Wales to accommodate a BCP facility. This means Welsh Government have negotiate the acquisition of land.

A site search process has appraised over 60 sites to date. Both local port and ferry operators, along with the Council and technical stakeholders, have been involved in the site search. A site south of Johnston is currently undergoing more detailed site investigations and we are negotiating the potential purchase with the landowner. The location is equally accessible for both ports and the site has ranked highly in terms of deliverability. However, the final decision on whether to proceed with this site will be subject to continued and rigorous assessment with technical stakeholders and the local community.

Planning:

Planning consent will be secured via a Statutory Development Order (SDO) following the same process as North Wales.

Design:

Based on this throughput, the BCP would consist of approximately 5,500sqm of specialist modern, bespoke buildings and supporting facilities to manage the required checks. This building size would support the continued flexibility of the ports to bring through the different goods, as inspection areas must be segregated – for example, refrigerated space, animal inspection facilities etc. The hard elements of the BCP i.e. the building, parking and access, would approximately equate to 20,000 sqm, or 6 acres in total. It will include managed drainage, parking for staff and inspectors.

The site subject to negotiation for purchase is much larger than what is required to accommodate the proposal providing flexibility to introduce suitable environmental mitigations and landscape buffers between the development and the local community. Concept designs will only start once a site is identified and secured.

Construction:

The procurement strategy for South West Wales has yet to be determined. It is anticipated that a one stage approach could be adopted for South-West Wales predicated on lesson learned from the two stage approach in North Wales, which will accelerate delivery. Construction is expected to complete in Spring 2023 with an operational date of approximately Autumn 2023.

Border Control Posts in Wales

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Welsh Government

Funding

Currently:

The Chief Secretary to the Treasury (CST) has agreed in principle the UK Government will fund additional costs associated with the inland sites in 2021-22 via a formal reserve claim. This commitment is for incurred costs that are considered absolutely necessary to the build and includes such as costs which may fall into 2022/23 financial year. Welsh Government will be proceeding with costs at risk within its existing budgets until the settlement is reached with HM Treasury.

The request to UK Government for the BCP construction and operational costs is being made in the 2021 Spending Review. The delivery of BCPs at Welsh ports will be at risk without a commitment from UK Government to fund the full capital and operational cost of developing BCPs. The Spending Review outcome is expected later this year.

The original estimate provided by UK Government in 2020 was £10m to construct a single BCP with operational costs of £3-5m per annum.

Longer Term:

Many ports in England have constructed their own BCP facilities at the port, part funded through Government grants (the Port Infrastructure Fund, PIF). UK Government has constructed some BCPs, including at Sevington in Kent. Longer term, UK Government is examining the appropriate operational and funding model for these facilities, which may have implications for Welsh BCPs. However, nothing has been decided yet and Welsh Government is seeking to influence the outcomes to ensure they are appropriate for the circumstances of our ports.

Summary:

A summary of the latest Infrastructure and Operational cost estimates for North & SW Wales BCP facilities as at 01 September 2021.

	North Wales	South West Wales
Capital	£75m	£63m
Revenue	£16m p.a.	£12m p.a.

*Note figures include contingency for potential interim arrangements.

Context:

Designs for Holyhead remain in the concept phase and South West Wales concept designs are yet to be produced. This mean costs will evolve as detailed designs mature, construction bids are received, and the operational requirements develop.

Border Control Posts in Wales

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Interim Measures

Since Welsh BCPs will not be able to accommodate the UK Government's timetable, a number of contingency options have been considered (there are also a number of English and Scottish BCPs which will not be completed by the original due date). The UK Government's legal assessment has emphasised the need for a coherent GB-wide regime.

UKG is considering the approach and timing. Further announcements will be made in due course by UKG but Welsh Ministers are determined to ensure these are suitable for the needs of our Welsh ports.



Rt Hon Lord Frost CMG
Minister of State
Cabinet Office 70 Whitehall London
SW1A 2AS

Mr Vaughan Gething MS
Minister for the Economy
Welsh Government

14 September 2021

Dear colleague,

BORDER CONTROLS

1. I write to let you know that I am announcing today by Written Ministerial Statement a delay to the introduction of customs and SPS controls on the importation of goods from the EU.
2. Now that we are an independent trading country outside the Single Market and Customs Union, our intention remains to introduce the same controls on incoming goods from the EU as on goods from the rest of the world. The Government announced a timetable for the introduction of the final stages of those controls on 11 March. The Government's own preparations, in terms of systems, infrastructure and resourcing, remain on track to meet that timetable.
3. However, the pandemic has had longer lasting impacts on businesses, both in the UK and in the European Union, than many observers expected in March. There are also pressures on global supply chains, caused by a wide range of factors including the pandemic and the increased costs of global freight transport. These pressures are being especially felt in the agrifood sector.
4. In these circumstances, the Government has decided to delay further some elements of the new controls, especially those relating to Sanitary and Phytosanitary goods. Accordingly:
 - The requirement for pre-notification of agri-food imports will be introduced on 1 January 2022 as opposed to 1 October 2021.
 - The new requirements for Export Health Certificates, which were due to be introduced on 1 October 2021, will now be introduced on 1 July 2022.
 - Phytosanitary Certificates and physical checks on SPS goods at Border Control Posts, due to be introduced on 1 January 2022, will now be introduced on 1 July 2022.
 - The requirement for Safety and Security declarations on imports will be introduced as of 1 July 2022 as opposed to 1 January 2022.
5. The timetable for the removal of the current easements in relation to full customs controls and the

introduction of customs checks remains unchanged from the planned 1 January 2022.

6. The Government will work closely with the Devolved Administrations on the implementation of this new timetable, given their devolved responsibilities for agri-food controls.
7. We will, of course, keep your Committees updated on our progress and preparations throughout the year.

With best wishes,

A handwritten signature in black ink, appearing to read 'J Frost', written in a cursive style.

Rt Hon Lord Frost CMG

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy



Ein cyf/Our ref VG/0600/21

Llywodraeth Cymru
Welsh Government

Paul Davies MS
Chair, Economy, Trade, and Rural Affairs Committee
Welsh Parliament
Cardiff Bay
CF99 1NA

5 October 2021

Dear Paul,

I am writing to you regarding the future of the UK Shared Prosperity Fund (SPF), and the Levelling Up Fund (LUF).

We have made clear that we consider the UK Government's actions on these funds to be unacceptable, as they cover an area of devolved competence and bypass devolution. Furthermore, we are facing a vast reduction in funding this year despite repeated promises that Wales would not be worse off financially.

I am concerned that the current approach is already negatively impacting upon local government, businesses, post 16 education and third sector organisations who are critical to delivery in our communities. The existing proposals also risk creating unconnected investments, poor value for money, negative competition and significant funding gaps across a range of sectors. They also threaten national schemes which are critical to our recovery such as Business Wales, apprenticeships and the Development Bank of Wales.

By way of background, I am attaching a factual note covering these matters in more detail.

I have written to the new Secretary of State, Michael Gove, to congratulate him on his new role and to initiate a conversation about how we might work together to address our concerns.

Given the wide ranging impacts this agenda has on devolved matters in Wales, I would be keen to engage with your committee to explore the challenges Wales faces over the coming months and years.

Yours sincerely,

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

ANNEX

General points

- Regional investment is an area of devolved competence. Over the last three years the Welsh Government has worked with a wide range of stakeholders in Wales including local government, business, HE/FE and third sectors, undertaken a public consultation, and drawn on the expertise of the OECD to develop plans for how replacement Structural Funds should be delivered in Wales. All of this work has been overseen by a representative Steering Group for Regional Investment, (now called the Strategic Forum), chaired by Huw Irranca-Davies MS and is available on the [Welsh Government website](#). The [Framework for Regional Investment in Wales](#) was published last November.
- As part of the Spending Review on 25 Nov 2020, the UK Government announced for the 2021-22 financial year that £220m will be available UK-wide for SPF 'pilot' [Community Renewal Fund](#) projects. The fund is run on a competitive basis, with Wales expected to receive around £10m this year, or £450,000 per local authority.
- The UK Government referred to monies in the pilot SPF year as being 'additional' funds and that the funding Wales stands to receive in 2021/22 will be larger than we would have received had we remained within the EU. To support its argument it is 'netting off' payments which will come from the EU in respect of existing commitments made under the current EU programmes (and which will continue to be paid from the EU budget). This is simply a mechanistic consequence of legal commitments that the Welsh Government has already made to organisations in Wales. Put simply, instead of having fresh or new money to commit each and every year, the UK Government is including spending committed under previous years in its calculation for this year's funding.
- The current European Structural and Investment programmes are worth over £375m annually over seven years, and had the UK remained within the EU, the Welsh Government would have been able to make, from January 2021, new legal commitments wholly independent of this pipeline of payments from the current programmes. For example, in the first two years of the 2014–2020 ERDF and ESF programmes, the Welsh Government made funding commitments worth over £1.1 billion to organisations and beneficiaries. Furthermore, since 2014, the HE/FE sector has benefited from funding of £405m; the private sector £272m (in addition to major allocations via Welsh Government business schemes), and the third sector £113m.
- The CRF fund is competitive, which is different to EU funding arrangements that had specific needs-based and multi-annual funding allocations to be spent across all parts of Wales.
- For the UK-wide £220m CRF fund, the UK Government identified 100 priority areas (using an index of economic resilience the UK Government has developed

addressing levels of productivity, household income, unemployment, skills and population destiny) available [here](#). The [methodology](#) behind it was published on 12 March.

- Following the 3 March budget, local authorities were required to appraise CRF bids and publish shortlists of projects by 18 June for assessment by the UK's Ministry of Housing, Communities and Local Government (MHCLG). All project interventions must be financially completed by 31 March 2022. The UK Government committed to making announcements on successful bids in July. This has been delayed by more than two months, meaning less time for organisations to deliver activities and spend in this financial year.
- The UK Government has indicated to expect no more than a high-level spending framework for the SPF to be published in the UK Spending Review on 27 October.
- On 3 March, the UK Government also published a prospectus on the UK-wide £4.8bn [Levelling Up Fund](#) (LUF), which is a 100% capital funded programme for Transport, Regeneration and Cultural investment over four years. The LUF replaces the Towns Fund previously operational in England only.
- The Chancellor had originally announced at the Spending Review last November that the LUF was to be an England-only fund with Barnettised/consequential funding of £800m over four years for the devolved governments, but an announcement on 24 February confirmed that the LUF would be UK-wide and be managed by the UK Government directly.
- LUF monies are expected to be ring-fenced in the first round (at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland). Assuming Wales receives 5% of the LUF that would amount to around £30m (if £600m is released for 2021/22 as has been indicated), or £1.3m per local authority in Wales.
- The LUF will support projects of up to £20m of funding, with the potential to rise to £50m for transport projects only. MPs can support one specific bid; where more than one parliamentary constituency is involved, each can support an additional bid. The fund is being jointly managed by HM Treasury, MHCLG and the Department for Transport.
- The LUF has similar delivery arrangements to the CRF in terms of the involvement of local authorities, a competitive bidding process and [priority categories](#). However, the UK Government has used different criteria for the LUF priority areas, with the [methodology](#) behind it published on 11 March.

Business, Energy and Industrial Strategy Committee report into Levelling-Up

In July 2021, the cross-party Business, Enterprise and Industrial Strategy Committee published a [report](#) on its inquiry into the UK Government's Levelling-Up programme.

Key themes from the report:

- **The UK Government's Levelling-Up programme**

Report extracts

- We are disappointed at how little detail has been put forward to explain what the Government sees levelling up to mean and how it will be delivered.
- We are concerned that this lack of definition will result in a failure to deliver meaningful change for people across the country.
- It has been constantly repeated throughout this inquiry that, so far, the Government's levelling up agenda lacks clear aims or milestones or any way to measure progress and evaluate outcomes.
- A failure to publish Government priorities and metrics will make it impossible for us to understand what has, or has not, been delivered.
- Nor is it clear how levelling up is different to past regional policy and how it will therefore succeed in areas where previous regional policy has failed. Ministers offered no adequate response to this.

- **Design of the UK funds**

Report extract

- The funding available to achieve levelling up is disparate and lacking any overall coherent strategic purpose or focus.

- **Devolution settlements and Levelling Up**

Report extracts

- There has been no agreement with the devolved administrations how funding will be allocated in line with the devolution settlements.
- This lack of clarity around the territorial extent of the levelling up agenda, and the apparent absence of any meaningful strategic engagement with the devolved administrations around the levelling up agenda, amplifies the lack of clarity and focus around this major policy.

- **UK funding levels versus EU funding, and equality of distribution**

Report extracts

- Despite its large-scale ambition and promised additional funding, it is unclear whether the levels of funding available to local areas (via levelling up) will equal, never mind exceed, historic levels of UK and EU funding to local government.
- There is an inequality in the capacity of local areas to bid for government funds.

Welsh Affairs Committee

On 2 October 2020, the Welsh Affairs Committee (WAC) published its report on its inquiry: [Wales and the Shared Prosperity Fund](#).

Extracts from the Report:

- ...progress on developing, and consulting on, proposals for the SPF has been minimal and substantive information from Ministers has not been forthcoming. ... with less than three months to go until the transition phase ends, and with the added impact of COVID-19, most of the fundamental questions about the scope, scale and administration of the scheme remain’.
- ...Its repeated promises of a consultation and of imminent announcements have failed to materialise, demonstrating a lack of priority. Although we acknowledge that the COVID-19 pandemic has forced Ministers to reprioritise and refocus their attention, this does not excuse the lack of progress as a significant amount of time had passed before the COVID outbreak became a factor.
- The UK Government must urgently work with the devolved governments of Wales, Scotland and Northern Ireland to agree priorities for the Shared Prosperity Fund and to co-create the details regarding how the Fund will work.
- The UK Government has repeatedly committed to ensuring Wales does not lose out as a result of the switch from European Structural Funds to the Shared Prosperity Fund and the evidence overwhelmingly states that Wales should not end up worse off, particularly in light of COVID-19. A needs-based formula is required over a multi-year financial framework to allow a fair allocation and effective planning and delivery.
- Despite repeated assurances from UK Government that it would respect the devolution settlements of Wales, Scotland and Northern Ireland, there are considerable ambiguities about where power will lie in relation to the Shared Prosperity Fund. It is unclear whether, as a result of the provisions in the Internal Market Bill, Whitehall plans to oversee the administration of the Fund directly, or if the financial assistance powers contained within the Bill are intended to operate separately to the Fund. In either event, we believe the UK Government would be ill-advised to lose or ignore the expertise that has been built up in the devolved administration’s European Funding Offices.

- There are differences of opinion as to where the precise balance of power and responsibility should lie for the oversight and administration of the Shared Prosperity Fund. However, whether the UK Government takes on a commissioning role for, or fully devolves the administration of, the Fund, the Shared Prosperity Fund should be built upon the principle of cooperation and partnership between the UK Government, the devolved administrations and local government.
- The UK Government should work with the devolved administrations and local government to develop a memorandum of understanding that will underpin the operation of the Shared Prosperity Fund, this memorandum should be built around a partnership approach and provide a guarantee of genuine joint working and engagement for all stakeholders, including the third sector.
- ... We note that the Welsh Government has brought forward proposals which would enable local authorities to establish Corporate Joint Committees to facilitate joint working, including in areas covered by City and Growth deals. It would seem sensible for the Shared Prosperity Fund to be designed so that it could, in future, work with City and Growth deals.

Report's concluding remarks

- ... However, with that [EU] funding due to taper off in less than three months' time, communication from Ministers, and substantive proposals for the Shared Prosperity Fund, have been conspicuous in their absence. For more than three years, we have witnessed a failure to properly engage with stakeholders, or Parliament. As a result, there is no clarity as to what the Shared Prosperity Fund will look like, how it will be administered, nor how it will be funded. This is unacceptable, and the UK Government must, as a priority, publish detailed proposals for how the Fund will operate.
- ... Given the publication of the UK Government's Internal Market Bill, it is all the more urgent that clarity and detail is provided about the Shared Prosperity Fund. However designed, the expertise gained in administering structural funds should not be lost, and Ministers must embrace a partnership approach that draws upon the expertise and resources of the devolved administrations, local government and the third sector.

All-Party Parliamentary Group on the UK Shared Prosperity Fund

The following points were discussed and agreed by the APPG at its meeting on 18 March 2021, taking the announcements in the November 2020 Spending Review as its starting point and addressing the outstanding issues that need to be resolved in the UK SPF Investment Framework, which at that time was scheduled to be published by the UK Government in the Spring of 2021.

- The UK SPF should operate on the basis of multiannual financial allocations of the longest practicable duration

- The financial allocations to each of the four nations of the UK should be not less than they previously received from the EU
- Funding allocations to local areas should be determined by a formula, not by competitive bidding
- Sub-regions remain the best basis for allocating and managing funding to local areas
- The shift to the UK SPF should not unduly disadvantage parts of the country that would have received substantial EU funding
- The proper role for competitive bidding is between potential projects within each local area
- The government should exercise a 'light touch' in defining the priorities for UK SPF spending
- The devolved administrations should be integrated into decision-making and management structures
- Simplification of management and administration needs to be delivered
- Speedy operational implementation of the UK SPF is essential if a hiatus in activity is to be avoided

APPG Report on its initial [Inquiry](#) into the UK Shared Prosperity Fund (November 2018)

- We recommend that the annual budget for the UK Shared Prosperity Fund is no less, in real terms, than the EU and UK funding streams it replaces.
- We recommend that the UK Shared Prosperity Fund operates on the basis of multiannual financial allocations of the longest practicable duration.
- We recommend that, for the moment, the UK government adopts a pragmatic approach and rolls forward the four nations' existing shares of EU funding into the UK Shared Prosperity Fund.
- We encourage the UK government to recognise that, within the framework of agreed guidelines, the allocation of the funding to local areas within the devolved nations should be a devolved matter.
- We recommend that if any element of competitive bidding were to be incorporated into the UK Shared Prosperity Fund it should be marginal to the main formula-based allocation.

- We recommend that local partners are given flexibility to define the types of projects on which the UK Shared Prosperity Fund is spent, so long as the activities remain consistent with the wider objectives of the Fund.
- We recommend that requirements to fund specific activities should be kept to a minimum, but we would also expect the spending plans of local partners to be a balanced portfolio.
- We expect the UK government to respect the devolution settlement and therefore any guidelines for the Fund as a whole should be kept at a strategic broad level and agreed jointly between the UK government and the devolved administrations.
- We also recommend that, within the framework of the agreed guidelines, the UK government should transfer responsibility for the detailed design and delivery of the relevant parts of the UK Shared Prosperity Fund to the devolved administrations and their partners.
- We further recommend that, reflecting this devolved responsibility, the Fund should be re-branded to reflect the four nations, i.e. UKSPF England, UKSPF Scotland, UKSPF Wales and UKSPF Northern Ireland.
- We recommend that there is a strong emphasis on allowing local partners to define and measure target outcomes.

Institute for Government report on the UK Shared Prosperity Fund

In July 2021, the Institute for Government published its [report](#) *The UK Shared Prosperity Fund: Strengthening the union or undermining devolution?*

Key themes from the report:

- **Previous Conservative-led UK Government cited Welsh Government management of EU funds as commitment to devolution**

Report extracts

- The UK government at the time [in 2014] cited the arrangements for delivering EU structural funds as evidence of their commitment to devolution.
- The coalition government noted that: “The Government’s policy on European Structural Funds spending is that it is appropriate for England, Scotland, Wales and Northern Ireland to take responsibility for their own expenditure...it shows that the Government is committed to devolving powers, where appropriate, to Welsh ministers and demonstrates its commitment to regional spending being controlled at a regional level.”

- **Devolution and Role of Devolved Governments**

Report extracts

- While the design of the UKSPF has not been finalised, the limited information in the public domain makes clear that the devolved administrations are set to have less control over how the UKSPF is spent in their territories than was the case with EU structural funds.
- The devolved governments are expected to play a marginal role in allocation decisions within their own territories, even though the fund will spend money on matters that lie primarily within the responsibility of the devolved governments, such as transport, skills and economic development.
- Politicians at Westminster will be able to set policy in devolved domains such as education, transport and economic development. There is little precedent for the UK government to spend money on devolved functions in this way without the consent of the devolved administrations.
- The UK government will be spending on policy functions that are predominantly devolved responsibilities. We have outlined the risk that this will produce unhelpful duplication of functions and fragmentation of service provision. This risk has been amplified by the low level of formal consultation during the design of the UKSPF.
- [The Devolved Governments] have also said they would be willing to work with the UK government to design alternative approaches to delivering UKSPF spending – but that this offer has not been taken up by the UK government.

- **UK Government and the Dunlop Review**

Report extracts

- Joint management of the UKSPF would also be in line with the recommendations of the Dunlop Review of UK Government Union Capability published by the UK government in March 2021.
- This proposed the establishment of a new fund for UK-wide projects, which would be spent by the UK government and devolved governments “working in co-operation”. It also noted that “funding by the UK government in devolved areas must not replace core funding and must be applied with the support of the devolved governments”.

- **UK Government centralisation**

Report extracts

- UK ministers’ approach so far to designing the UKSPF (and other related initiatives such as the Levelling Up Fund) suggests that the government intends to keep tight control of the system, rather than proceeding on the basis of partnership with devolved, regional or local governments.

- **Lack of partnership approach**

- ***Report extracts***

- Since the government's funding priorities for the UKSPF cover policy areas that are largely devolved, there is a risk that the fund could duplicate projects and policy initiatives led by the devolved administrations.
 - This approach from the UK government carries risks that could both reduce the effectiveness of the UKSPF and undermine its own objectives. These include:
 - Duplication of functions
 - Fragmented provision of services
 - Confused accountability
 - Funding uncertainty
 - Increased tensions
 - These risks are exacerbated by the limited extent to which the UK government has engaged with the devolved governments and other stakeholders. It is also yet to conduct a public consultation on the fund.
 - The lead department for the UKSPF, the Ministry of Housing, Communities and Local Government (MHCLG), has operated almost entirely as an English rather than a UK department, as the policy areas for which it holds responsibility are almost entirely devolved. Indeed, according to the 2020 spending review, at least 99.6% of MHCLG spending is for the benefit of England alone, with the devolved administrations given resources to fund similar functions themselves.
 - This means that as a department MHCLG has little experience of working within the devolved territories or knowledge of the distinct policy context in which the UKSPF will operate outside of England. By contrast, the devolved administrations have well-established mechanisms for delivering EU structural funds and long-standing relationships in their territories with recipient organisations in the education sector, industry and civil society.

- **Funding commitments**

- ***Report extracts***

- The UK government was elected in 2019 on a manifesto commitment that spending under the UKSPF would “at a minimum” match structural funds allocation in each of the four nations of the UK.
 - The 2020 spending review's commitment was more vague: “Total domestic UK-wide funding will at least match receipts from EU structural funds.” It did

not reiterate the commitment that funding in each nation would be maintained.

- **IfG recommending devolved input to UKSPF framework**

Report extract

- Improve consultation with devolved administrations as an immediate priority, with ministers authorising officials to share far more information than at present and to seek devolved input at all stages of development of the UKSPF investment framework.

Agenda Item 2.5

**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

—
**Economy, Trade and
Rural Affairs Committee**

Senedd Cymru

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Welsh Parliament

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Vaughan Gething MS
Minister for Economy

08 October 2021

Dear Minister,

International agreement: Free Trade Agreement between the UK, Iceland, Liechtenstein and Norway

As part of our work on the scrutiny of international trade agreements, the Economy, Trade and Rural Affairs Committee considered the Free Trade Agreement between the UK, Iceland, Liechtenstein, and Norway on 30th September. Members would like some more information on the Agreement. Specifically would you be able to provide details of:

- Any Welsh Government assessment – including any macroeconomic assessment – of the Agreement and its potential impact on Wales both relative to the Agreement on Trade in Goods between the UK, Iceland and Norway and to the UK's trading relationship with Norway, Iceland and Liechtenstein before the end of the transition period;
- Any specific representations made by Welsh Government to the UK Government during the negotiations including, if applicable, whether or not these representations were addressed in the final Agreement; and
- Any legislation that may be required to implement the Agreement, including legislation which relate to matters within the Senedd's competence?

Chapter 12 of the Agreement makes provisions in relation to the recognition of professional qualifications and the UK Government's Explanatory Memorandum specifically cites the Professional Qualifications Bill as a possible vehicle for this. As you will be aware the Committee recently scrutinised the Professional Qualifications Bill LCM and

laid its **report** on 28th September and will be keen to follow the interplay between this Agreement and that Bill if passed.

As the Legislation, Justice and Constitution Committee also reported on the LCM I have copied this letter to Huw Irranca-Davies MS in his capacity as Chair.

Best regards,

A handwritten signature in black ink that reads "Paul Davies". The signature is written in a cursive style with a large initial 'P' and 'D'.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.



Mark Isherwood MS
Chair
Public Accounts and Public Administration Committee
Welsh Parliament

29 September 2021

Dear Chair

Ensuring Value for Money from Rural Development Grants

I am writing in response to your letter of 21 July about the above, which follows the previous Public Accounts Committee's consideration of the evidence on Rural Development Grants.

As you can imagine there have been considerable challenges for many RDP projects, due to the impact of the pandemic and the ongoing effects of the United Kingdom's exit from the European Union. That said, Welsh Government remains confident the RDP will be fully spent by the end of 2023.

Current project level commitment stands at £751.3m, representing 90% commitment of funds against a total programme value of over £838m (please note the sterling value of the programme is not fixed due to constant changes to the exchange rate). Applications to a value of £70m are currently being appraised by Welsh Government staff, and scheme windows continue to operate to ensure the programme is fully committed. As at 2 September 2021, total programme spend has exceeded £550m, representing 66% of total programme value, of which £386.9m is EU funds.

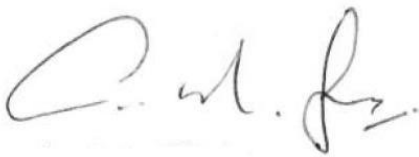
Regarding improvements in the application process, Welsh Government has developed a single stage application process using its Rural Payments Wales (RPW) online portal. The new process is designed to capture and use all information in a single system, streamlining the appraisal and claims approval process for beneficiaries.

In addition, the Welsh Government is currently undertaking an exercise to verify aspects of individual project administration and delivery, such as competitive tendering requirements, before the formal in-situ administrative checks are undertaken towards the end of a project. This work is being brought forward to verify reasonableness of costs, reduce the in-situ burden and streamline the required project closure process, removing a potential bottleneck and delay of final claim payments for projects during the remainder of the N+3 period i.e. by 31 December 2023.

Recognising that individual projects may struggle to meet the N+3 deadline due to the ongoing impact of the COVID-19 pandemic and EU Exit, the Minister for Rural Affairs and North Wales announced on 21 September 2021 a package of further commitments, including a reasonable element of over-programming, to be made through the RDP. This approach should further mitigate the risk of unspent funds being forfeited.

With best wishes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Slade', written in a cursive style.

Andrew Slade
Director General
Economy, Skills and Natural Resources

John Davies
President NFU Cymru
Aled Jones Deputy
President NFU
Cymru

By email:
NFUCymru@nfu.org.uk

13 October 2021

Dear John & Aled

Welsh Government's delivery of the Wales Rural Development Plan 2014–2020

I refer to my interim reply of 21 July.

The Welsh Government have now responded to my letter providing an update on the Welsh Government's progress in delivering the RDP particularly any improvements being made to the application process and an assessment of the level of risk that unspent funds will be forfeited. I attach a copy of the response.

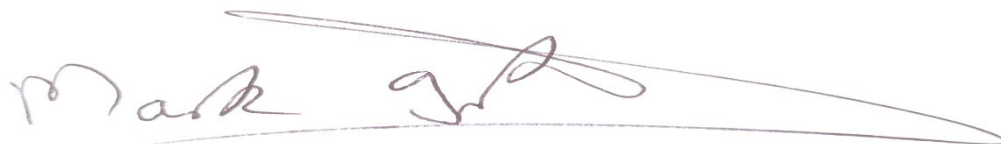
The Welsh Government states that improvements have been introduced in the application process, with the development of a single stage application process using the Welsh Government's Rural Payments Wales (RPW) online portal. The Welsh Government also states that the new process is designed to capture and use all information in a single system, streamlining the appraisal and claims approval process for beneficiaries.

In addition, the Welsh Government states that it is currently undertaking an exercise to verify aspects of individual project administration and delivery, such as competitive tendering requirements, before the formal in-situ administrative checks are undertaken towards the end of a project.

Finally the Minister for Rural Affairs and North Wales made an announcement on 21 September 2021, of a package of further commitments, including a reasonable element of over-programming, to be made through the RDP. Hopefully, this approach should further mitigate the risk of unspent funds being forfeited.

Please let me have your feedback if you would like us to consider this further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Isherwood', with a long horizontal line extending to the right from the end of the signature.

Mark Isherwood MS
Committee Chair



**Y Pwyllgor Cyfrifon Cyhoeddus a
Gweinyddiaeth Gyhoeddus**

**Public Accounts and Public
Administration Committee**

John Davies
President NFU Cymru
Aled Jones Deputy President NFU Cymru

By email:
NFUCymru@nfu.org.uk

21 July 2021

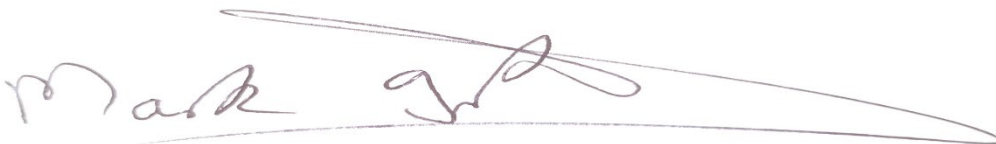
Dear John and Aled

Public Accounts and Public Administration Committee

Thank you for your letter of 6 July and your kind words following my election as Chair of the Public Accounts and Public Administration Committee. I am honoured to have been elected to Chair this influential Committee.

Further to the previous correspondence you had with my predecessor in late 2020/early 2021 on the issue of the Welsh Government's delivery of the Wales Rural Development Plan 2014-2020, I am writing to the Welsh Government seeking an update on the response received from them earlier this year. On receipt of this I will write to you substantively.

Yours sincerely,



Mark Isherwood MS
Committee Chair

Senedd Cymru

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Agenda Item 3

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Agenda Item 4

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