

# Agenda – Economy, Trade, and Rural Affairs Committee

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Meeting Venue:	For further information contact:
Hybrid – Committee room 5 Ty Hywel and video Conference via Zoom	Robert Donovan Committee Clerk
Meeting date: 21 June 2023	0300 200 6565
Meeting time: 09.30	<a href="mailto:SeneddEconomy@senedd.wales">SeneddEconomy@senedd.wales</a>

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## Private pre-meeting (09.15–09.30)

## Public meeting (09.30–12.00)

### 1 Introductions, apologies, substitutions, and declarations of interest

(09.30)

### 2 Papers to note

(09.30)

#### 2.1 Legislative Consent Memorandum: Non-Domestic rating Bill

(Page 1)

Attached Documents:

Letter from the Minister for Finance and Local Government to the Chair of the  
Finance Committee – 2 June 2023

## **2.2 Forage Maize Seed Treatments**

(Page 2)

Attached Documents:

Letter to the Minister for Rural Affairs and North Wales, and Trefnydd – 5  
June 2023

## **2.3 Agriculture and Horticulture Development Board (Amendment) Order 2023**

(Page 3)

Attached Documents:

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd – 7  
June 2023

## **2.4 Meeting of the Ministerial Forum for Trade – 23 May**

(Pages 4 – 5)

Attached Documents:

Letter from the Minister for Economy – 7 June 2023

## **2.5 UK Shared Prosperity Fund (UKSPF) and the Levelling Up Fund (LUF)**

(Pages 6 – 12)

Attached Documents:

Letter from Dehenna Davison MP, Parliamentary–Under Secretary of State for  
Levelling Up – 13 June 2023

## **2.6 Legislative Consent Memorandum: Data Protection and Digital Information (No. 2) Bill**

(Pages 13 – 17)

Attached Documents:

Letter from the First Minister to the Chair of the Legislation, Justice and  
Constitution Committee – 14 June 2023

## **2.7 The Committee's inquiry into Post-EU regional development funding**

(Pages 18 – 22)

Attached Documents:

Letter from Trades Union Congress (TUC) Wales – 16 June 2023

## **3 General Ministerial Scrutiny: Minister for Economy**

(09.30–10.40)

(Pages 23 – 43)

Vaughan Gething MS, Minister for Economy

Andrew Gwatkin, Director, International Relations & Trade, Welsh  
Government

Duncan Hamer, Director of Operations, Business & Regions, Welsh  
Government

Peter Ryland, Director, Regional Investment & Borders, Welsh Government

Attached Documents:

Evidence paper – Welsh Government

Research brief

**Break (10.40–10.50)**

**4 General Ministerial Scrutiny: Minister for Rural Affairs and North Wales, and Trefnydd**

(10.50–12.00)

(Pages 44 – 70)

Lesley Griffiths MS, Minister for Rural Affairs and North Wales, and Trefnydd  
Gian Marco Currado, Director – Rural Affairs, Welsh Government  
Richard Irvine, Chief Veterinary Officer, Welsh Government

Attached Documents:

Evidence paper – Welsh Government

Research brief

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

(12.00)

**Private (12.00–12.20)**

**6 Consideration of evidence following the meeting**

(12.00–12.05)

**7 Post EU Funding key issues discussion**

(12.05–12.20)

Paper to follow

Rebecca Evans AS/MS  
Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: MA/RE/0660/23

Peredur Owen Griffiths MS  
Chair of the Finance Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN  
[SeneddFinance@senedd.wales](mailto:SeneddFinance@senedd.wales)  
[Private.office@senedd.wales](mailto:Private.office@senedd.wales)

02 June 2023

Dear Peredur,

### **The Welsh Government's Legislative Consent Memorandum on the Non-Domestic Rating Bill**

I am writing in response to your letter of 26 May about the Finance Committee's consideration of the Memorandum on the Non-Domestic Rating Bill (the Bill). I note your comments reflect the questions expressed by the Legislation, Justice and Constitution Committee in its letter of 18 May. I have since written to the Legislation, Justice and Constitution Committee in answer to those questions. My response was copied to the Finance Committee (among others).

I am copying this letter to the Local Government and Housing Committee, the Economy, Trade and Rural Affairs Committee, and the Legislation, Justice and Constitution Committee.

Yours sincerely,

**Rebecca Evans AS/MS**  
Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Correspondence.Rebecca.Evans@gov.wales](mailto:Correspondence.Rebecca.Evans@gov.wales)  
[Gohebiaeth.Rebecca.Evans@llyw.cymru](mailto:Gohebiaeth.Rebecca.Evans@llyw.cymru)

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.

# Agenda Item 2.2

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

**Economy, Trade and  
Rural Affairs Committee**

**Senedd Cymru**

Bae Caerdydd, Caerdydd, CF99 1SN  
SeneddEconomi@senedd.cymru  
senedd.cymru/SeneddEconomi  
0300 200 6565

**Welsh Parliament**

Cardiff Bay, Cardiff, CF99 1SN  
SeneddEconomy@senedd.wales  
senedd.wales/SeneddEconomy  
0300 200 6565

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

5 June 2023

## Forage Maize Seed Treatments

Dear Lesley,

I am writing as Chair of the Economy, Trade and Rural Affairs Committee to draw your attention to the attached letter received from a representative of forage maize seed breeders.

The letter raises concerns about the impact on Welsh farmers of a change to import arrangements for forage maize seed, changes that are due to come into effect at the end of 2023. I also note that this issue has been raised with its members by farming union [NFU Cymru](#).

Dr Julian Little's letter will be noted at the Committee's meeting on 8 June. I would be grateful if you could let the Committee know Welsh Government's position on this issue, including your response to the proposed alternative solutions outlined in the letter, and whether you have had discussions with the Department for Food and Rural Affairs on the matter.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

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



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: LG/1347/23

Paul Davies MS  
Chair  
Economy, Trade and Rural Affairs Committee

[SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

7<sup>th</sup> June 2023

Dear Paul,

Following my letter of 26 May 2023, I am writing to inform you [my consent](#) has been granted for the Agriculture and Horticulture Development Board (Amendment) Order 2023 and the Order has been laid in the UK Parliament. The Order will make changes to the Agriculture and Horticulture Development Board Order 2008 (AHDB Order).

The Agriculture and Horticulture Development Board (AHDB) was established by the AHDB Order under powers contained in the Natural Environment and Rural Communities Act 2006 (the NERC Act).

The 2023 Order amends the 2008 Order and is made by the Secretary of State under powers conferred by sections 87, 88 and 97(1) of, and paragraph 6(a) of Schedule 8 and paragraphs 5 and 8 of Schedule 10 to, the NERC Act with the approval of Welsh Ministers.

Regards,

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

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Lesley.Griffiths@llyw.cymru](mailto:Gohebiaeth.Lesley.Griffiths@llyw.cymru)  
[Correspondence.Lesley.Griffiths@gov.wales](mailto: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.

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Ein cyf/Our ref DC/VG/00469/23

Paul Davies MS  
Chair of Economy, Trade, and Rural  
Affairs Committee  
[SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

Huw Irranca-Davies MS  
Chair of Legislation, Justice and Constitution  
Committee  
[SeneddLJC@assembly.wales](mailto:SeneddLJC@assembly.wales)

7 June 2023

Dear Paul, Huw

I am writing in accordance with the inter-institutional relations agreement, to inform you that I attended the Ministerial Forum for Trade on the 23 May.

The meeting was attended by Nigel Huddleston, Minister of State at the Department for Business and Trade; Richard Lohead, Scottish Minister for Small Business, Trade and Innovation and James Davies, Parliamentary Under Secretary of State, Wales Office. A joint communique regarding the meeting will be issued in due course.

We discussed the latest updates on the India and Canada Free Trade Agreement negotiations as well as the latest developments in the Memoranda of Understanding between the UK and a number of US states, some of which are completed and some of which are at negotiation stage.

Minister Huddleston indicated that he would arrange for the new departmental structure and ministerial responsibility for DBT to be shared with Devolved Governments, I can ensure this is shared with you if you would find it useful.

The meeting provided me with the opportunity to give our views on the current negotiations with India and Canada. I continued to emphasize our view that any trade agreement must support our wider policy aims, including in areas such as the environment and labour. I have always been clear that no trade deal should undermine the high standards we have here in Wales.

For both India and Canada, I also reiterated our view that while we understand there are likely to be trade-offs in any agreement, the UK Government should ensure that any market access agreed for these deals should not impact on important sectors in Wales such as agriculture and steel.

I will write to you again to inform you of the date of the next meeting.

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[YPCCGB@llyw.cymru](mailto:YPCCGB@llyw.cymru) [PSCGMET@gov.wales](mailto:PSCGMET@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.



Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive, flowing style.

**Vaughan Gething AS/MS**  
Gweinidog yr Economi  
Minister for Economy

# Agenda Item 2.5



Department for Levelling Up,  
Housing & Communities

**Dehenna Davison MP**

*Parliamentary-Under Secretary of State for  
Levelling Up*

**Department for Levelling Up, Housing  
and Communities**

4th Floor, Fry Building  
2 Marsham Street  
London SW1P 4DF

Paul Davies MS

Chair of the Economy, Trade, and Rural Affairs Committee

Welsh Parliament

Cardiff Bay

Cardiff

CF99 1SN

Annwyl Paul,

Thank you for your letter of 11<sup>th</sup> May 2023 and for the Senedd's continued interest in how the UK Shared Prosperity Fund (UKSPF) and the Levelling Up Fund (LUF) are benefiting the people and communities of Wales.

As noted in my previous letter, I am regrettably unable to appear before the Committee to give evidence. I am happy to provide your committee with further information in writing and this letter aims to respond to each of the questions set out by your Clerk.

Before we get into the detail of the UK Government's response, I would like to emphasise that whilst UK Government Ministers are formally scrutinised by the UK Parliament, we have already demonstrated our willingness to provide information to the Senedd in supporting its work. This includes oral evidence provided to the Senedd's Finance Committee by the former Secretary of State for Wales and the former Parliamentary Under-Secretary of State for Wales. The Secretary of State for Levelling Up, Housing and Communities and the Secretary of State for Wales have also submitted written responses to a report into post-EU funding in Wales published by the same committee.

I would therefore like to highlight that in drawing together the information for your committee, officials identified numerous topics and lines of questioning consistent with those raised previously by the Senedd's Finance Committee as part of its enquiry from October 2022 into post-EU funding in Wales. Where duplication has arisen, and for the purposes of consistency, I would refer you to the response provided by UK Government to the recommendations of that report which is available [online](#).

Once again, thank you for your letter and for the continued work of your Committee and Members of the Senedd. Diolch yn fawr iawn.

**With every good wish | Gyda phob dymuniad da,**

A handwritten signature in black ink that reads "Dehenna". The script is cursive and fluid, with the first letter 'D' being significantly larger and more stylized than the rest of the name.

**DEHENNA DAVISON MP**

## Response to questions set out by the Senedd's Committee for Economy, Trade and Rural Affairs

### ***1. How does the funding that Wales receives from the Shared Prosperity Fund and the tail-off of remaining EU Structural Funds compare to the level of funding that Wales received through Structural Funds while the UK was a member of the EU and any potential funding that could have been received through the next Structural Funds programme?***

UK Government Ministers have provided significant evidence to a report undertaken by the Senedd Finance Committee on this question, which is available online [here](#) (notably the response to Recommendation 15).

The UK Government is not in a position to supply information relating to potential funding that Wales received through EU Structural Funds while the UK was a member of the EU and any potential funding that could have been received through the next Structural Funds programme. This is potentially a matter for the Welsh Government to consider in relation to the role of the Welsh European Funding Office (WEFO).

### ***2. How has the UK Government targeted funding to ensure that the Shared Prosperity Fund and Levelling Up Fund target those areas of Wales in greatest need?***

Full details on the methodology for allocating funding through the UK Shared Prosperity Fund (UKSPF) have been published on [gov.uk](http://gov.uk). The funding methodology for UKSPF has been adapted specifically to the needs of Wales based on conversations held with the Welsh Government during the development phase of the fund. The methodology utilises Wales-specific data including the Welsh Index of Multiple Deprivation. We are content that the resulting allocations for UKSPF are fair and strike an appropriate balance between need and population to proportionately support areas across the whole of Wales.

In relation to the Levelling Up Fund (LUF), all local authorities have been categorised by level of deprivation using [the index of priority places](#). The index measures places' need for investment within the scope of the fund's investment priorities which include economic recovery and growth, improved transport connectivity and regeneration. Across both rounds of the LUF, 95% of funding in Wales has gone to places in the priority one category, totalling over £312m of investment. To date, Wales is the most successful part of the UK under the LUF, with funding of £104 per head, as outlined in the analysis published on [gov.uk](http://gov.uk). This capital investment will benefit people across Wales by spreading opportunity and breathing new life into historically overlooked areas.

### **3. How do the geographical spread of allocations that are made to areas through the Shared Prosperity Fund compare to Structural Funds?**

As outlined above, the UK Government has provided its rationale and methodology for geographical spread of allocations through UKSPF. The UK Government is not in a position to supply information relating to geographical spread of allocations through the EU Structural Funds. This is potentially a matter for the Welsh Government to consider in relation to the role of WEFO.

### **4. What assessment have you made of how well the two funds are working so far? Are there any particular elements that are working well or lessons that you have learnt from things that haven't worked?**

UK Government continually monitors the implementation of both funds. In terms of UKSPF, lead local authorities are required to provide regular monitoring returns outlining their progress. Full details on the approach to reporting, monitoring and performance management for UKSPF are included in the [Additional Information](#) available online.

At a UK-wide level, the Department for Levelling Up, Housing and Communities (DLUHC) has published an [Evaluation Strategy](#) for UKSPF which is also available online. Once the content of the Evaluation Strategy has been undertaken, DLUHC will publish a report setting out lessons learned, along with evidence and recommendations applicable to the wider local growth. In 2022, DLUHC also released the [Levelling Up Fund Monitoring & Evaluation Strategy](#) which focuses on the outcomes, impact and value for money considerations associated with the LUF.

The UK Government has strengthened the relationship with local government in Wales as Levelling Up funding opportunities have come forward. A dedicated Wales-based team of DLUHC officials have regular and productive engagement with every local authority in Wales as well as with other partner organisations. This relationship facilitates a pragmatic approach for supporting local authorities in their decision-making whilst offering the opportunity to address any delivery concerns where they may arise. The recent decision to provide flexibility to reprofile funding allocated for Multiply – the adult numeracy component of the UKSPF – is a demonstration of the maturity of this relationship.

### **5. What types of interventions are being delivered and designed through the Shared Prosperity Fund, and to what extent do these differ from those delivered through Structural Funds?**

The full list of interventions that can be delivered using UKSPF funding can be found [here](#). This list of interventions for Wales was adapted specifically for Wales and followed early discussions with the Welsh Government and Welsh Local Government Association (WLGA). The interventions build on the key priorities of the UKSPF in terms of Communities and Place, People and Skills and Supporting Local Business.

It is for local authorities to decide on the best mix of interventions for their local areas, informed by engagement with their local partnership groups and the priorities set out in their UKSPF Investment Plan. For Wales, these plans were developed on a regional basis and were informed by local and regional strategies, including the Regional Economic Frameworks. Decisions on projects to be supported by the UKSPF are therefore likely to be heavily dependent on their ability to demonstrate a strong strategic fit with local priorities and need.

Whilst there will be some similarities between the interventions of the UKSPF and previous funding regimes, it is important to note that the new funding landscape is markedly different and provides enhanced benefits for local leaders to decide on the best combination of interventions in addressing local and regional needs.

***6. How have the processes and timescales for the two funds been developed to support local authorities and regions to achieve intended outcomes?***

UK Government Ministers have already provided information on this matter in their response to the Senedd's Finance Committee report into post-EU funding in Wales. It has been acknowledged that some local authorities found certain timescales challenging, and DLUHC officials are in regular contact with the WLGA and local authorities to support them to achieve the intended outcomes of all Levelling Up funding opportunities available to Wales. As noted earlier, Wales is the most successful part of the UK under the LUF, with funding of £104 per head, thereby demonstrating the positive impact this engagement is having on the quality and scale of project ideas coming forward.

Furthermore, DLUHC has provided extensive financial support to Welsh local authorities in helping them to deliver both the UKSPF and the LUF. This includes £125,000 capacity funding to each local authority in Wales at the outset of the LUF, a total £130,000 in capacity funding to local authorities successful in round two of fund, and a further £40,000 to each lead local authority to support the development of their UKSPF Investment Plans.

***7. What assessment has the UK Government made of how the Shared Prosperity Fund has impacted different types of organisations such as businesses, universities, colleges, and voluntary sector organisations? How has the government supported sectors that are negatively impacted by the new arrangements compared to Structural Funds?***

Many local authorities are currently operating a series of open calls in allowing all organisations the opportunity to access UKSPF funding. It is therefore too early to pre-empt the impact of funding on certain organisations or sectors when the allocation of funds is continuing.

It is important to stress that the UKSPF is a successor and not a direct replacement for previous EU funds. By its nature we expect a different mix of interventions and

projects to come forward which are in line with the terms of the fund and importantly reflect local needs and priorities agreed by local leaders. Organisations and sectors that were large beneficiaries of EU Structural Funds will need to consider how they adapt to the new funding landscape. This includes recognising that the UKSPF has a different focus, with an emphasis being placed on the strategic fit of project ideas to local priorities whilst aligning to the overarching aim of the fund to support pride in place and increase life chances.

DLUHC officials are in regular communication with lead local authorities in understanding the distribution of UKSPF funding and will continue to assess the situation as further details come forward.

***8. How are the different levels of government in Wales working together in relation to the two funds?***

UK Government Ministers have already provided information on engagement with the Welsh Government in relation to the two funds in the response the Senedd's Finance Committee report on post-EU funding in Wales. The UK Government remains committed to building an effective working relationship with the Welsh Government in supporting local government to deliver the two funds (UKSPF and LUF) as well as wider opportunities, such as the Community Ownership Fund and the two new Freeports being created in Wales.

As noted previously, DLUHC officials are in regular contact with local authorities in Wales and the WLGA through a dedicated Wales-based team who oversee and support all Levelling Up funding opportunities available to Wales.

***9. How is the Multiply programme developing across different parts of Wales? What is working well with this programme, and what challenges are organisations facing in achieving its objectives?***

As is the case with all UKSPF interventions, the delivery of Multiply in Wales will not be uniform with projects reflecting local contexts based on decisions made by local authorities and their partners. DLUHC officials regularly discuss Multiply with local authorities and will continue to work closely with them and the WLGA on the delivery of Multiply.

UK Ministers recently announced increased flexibility for lead local authorities in Wales to reprofile elements of their Multiply allocation to support wider People and Skills interventions. The decision has been welcomed by local authorities in Wales.

***10. What planning is the UK Government doing for the two funds beyond 2025 and does it plan to streamline the levelling up funds?***

There has been no change to the UK Government's position on this matter since the Secretary of State for Levelling Up and Secretary of State for Wales issued their

[response](#) to the Senedd Finance Committee's report into post-EU funding (see Recommendation 13).



Huw Irranca-Davies MS  
Chair of the Legislation, Justice and Constitution Committee

[huw.Irranca-Davies@senedd.wales](mailto:huw.Irranca-Davies@senedd.wales)

14 June 2023

Dear Huw


I would like to thank you for your letter of 15 May regarding the Legislative Consent Memorandum: Data Protection and Digital Information (No. 2) Bill which I laid on the 24 March. You will also have seen that I laid a Supplementary Memorandum on this Bill on 25 May.

Your letter requested a response to a number of questions to help inform the Legislation, Justice and Constitution Committee's report to the Senedd on the Memorandum. A response to each of your questions is set out in the Annex.

I trust that this letter provides the Committee with the information they require.

I am copying this letter to the Minister for Economy, Minister for Social Justice, and Counsel General, along with the Economy, Trade and Rural Affairs Committee and to the Culture, Communications, Welsh Language, Sport and International Relations Committee.

Yours sincerely



**MARK DRAKEFORD**

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Mark.Drakeford@llyw.cymru](mailto:Gohebiaeth.Mark.Drakeford@llyw.cymru)  
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## Annex

### **Clauses 54 (Power of public authority to disclose information to registered person) and 56 (Code of practice about the disclosure of information)**

**Question 1:** Please would you clarify why, if the Welsh Government is of the view that the devolved areas of public services, economy and business are engaged for clauses 54 and 56, the Senedd's consent should not also be sought for other substantive provisions of Part 2 of the Bill (clauses 46 to 60).

*Response:*

Clauses 54 and 56 confer a power on public authorities to provide personal information about individuals (subject to consent) to organisations providing Digital Verification Services (DVS). The purpose is to facilitate the provision of DVS and improve the service offered to the user. Unlike the other clauses in Part 2, they do not relate to the regulation of DVS.

**Question 2:** Specifically in relation to clause 56, at paragraph 39 of the Memorandum you state that further consideration needs to be given to the devolved implications of a UK-wide Code of Practice, and that you will provide an update in due course. Are you as yet in a position to provide an update to the Senedd?

*Response:*

My officials are considering whether the powers provided to the Secretary of State in relation to clause 56 are appropriate as the resulting Code of Practice would apply to Welsh public bodies.

### **Clauses 61 to 77 (Part 3, Customer Data and Business Data)**

**Question 3:** At paragraph 42 of the Memorandum, you state that further consideration needs to be given to the devolved implications of the regulation-making powers in clauses 61 to 77 and that you will provide an update in due course. Are you as yet in a position to provide an update to the Senedd?

*Response:*

My officials are currently considering whether the powers provided to the Secretary of State and Treasury in respect of clauses 61-77 are appropriate and whether it would be appropriate for Welsh Ministers to have powers in this area.

### **Clause 92 (Disclosure of information to improve public service delivery to undertakings)**

**Question 4:** Please would you confirm that our understanding of the position is correct and that the amendments made by clause 92 do extend a pre-existing Henry VIII power exercisable by the Welsh Ministers, and clarify the reasoning behind this omission of information from the Memorandum.

*Response:*

As the Committee notes, the amendments made by clause 92 extend a pre-existing Henry VIII power, exercisable by the Welsh Ministers, by enabling the sharing of information to improve the delivery of public services to 'undertakings'. Consequently reference to this was not made in the LCM laid on 24 March as this is a modification of an existing power, rather than a conferral of a power. However, for completeness the regulation making power in

section 35 of the Digital Economy Act 2017 (the power being modified), is subject to the affirmative procedure.

## **Clause 93 (Implementation of law enforcement information-sharing agreements)**

### **Question 5:**

- a) Could you provide an update on these discussions?
- b) What is the Welsh Government's view of the reserved and devolved matters in this area?
- c) Could you give an example of how international agreements falling under clause 93 might fall to the Welsh Government and/or devolved public bodies to deliver?
- d) Are you aware of upcoming international agreements that would be implemented via the Bill's powers?
- e) We raised concerns during our scrutiny of the Welsh Government's Legislative Consent Memorandum for the Health and Care Bill about the implementation of international healthcare agreements using secondary legislation, as proposed in this Bill. At that time, the Minister for Health and Social Services provided assurances that such agreements would be governed by an intergovernmental Memorandum of Understanding (MoU) that was updated to reflect the Bill (a version was made available to us in February 2022). Could you confirm whether similar intergovernmental arrangements will be put in place for international agreements falling under clause 93 of this Bill (if and when enacted)? Is this something the Welsh Government is advocating for?
- f) During our consideration of the UK/Switzerland Convention on social security coordination in November 2021, you explained that no new requirements were being placed on Welsh Local Health Boards to deliver its arrangements. What is your view on the extent to which international agreements falling under clause 93 might place additional requirements on the Welsh Government or Welsh public bodies to deliver?

### *Response:*

This is an area where we have continued to have discussions with the UK Government. The UK Government has tabled Amendments 8-16 and NC5 which relate to Clauses 93 and 108, and our position on these clauses is set out in Supplementary Legislative Consent Memorandum No 2 which was laid on 25 May.

Amendments 8-16 and NC5 would give Welsh Ministers concurrent powers to make regulations for the purpose of implementing an international agreement relating to sharing information for the aspects of law enforcement within the Senedd's competence. As you will be aware, we are opposed to concurrent powers without constitutional safeguards, and this is something we continue to discuss with the UK Government.

Our understanding is that Clause 93 primarily relates to the I-LEAP programme, which is broadly designed as a successor to the [European Union Schengen Information System II](#) which we had access to before leaving the EU. The I-LEAP programme is designed to increase international cooperation through improving access and use of the INTERPOL system. More information on the programme is available [here](#).

The Senedd has competence to make provision for the prosecution of criminal offences and execution of criminal penalties on a range of devolved matters such as environmental or wildlife crime. On this basis, there is a possibility that the Welsh Government could have an interest in any activity delivered through I-LEAP which interfaces with these areas.

Under the current devolution settlement we expect this interest to be fairly limited in practice. We also do not expect it to place any notable additional requirements on Welsh Government or on any public bodies under the current devolution settlement, especially as I-LEAP would broadly replace an existing set of arrangements in place during our time in the EU.

From a constitutional perspective it is our firm view that the devolution settlement should be protected and the competence of the Senedd respected.

Moreover, in preparation for a future where policing is devolved in line with the recommendations of the Silk Commission and Thomas Commission, it is important to ensure that legislation drafted now is prepared for the more substantive future powers we expect Welsh Ministers to have in this space in the future.

### **Clause 36 (Interview notices)**

#### **Question 6:**

- a) Please would you clarify if this represents the Welsh Government's chosen and preferred position?
- b) Has the Welsh Government had discussions with the UK Government about the drafting of clause 36 and its effect in Wales?

#### *Response:*

I agree with your assessment that clause 36 of the Bill inserts new sections 148A-148C into the Data Protection Act 2018 which confer powers on the information commissioner to require certain persons to attend for interview where it is suspected that a person is not complying with particular requirements of the DP legislation. Further, that within new section 148B, sub-section (9) places certain restrictions on the circumstances in which the Commissioner can require a person to answer questions under an interview notice, and excludes certain persons from the ambit of the power.

I have asked my officials to consider our position with regard to these provisions, where Welsh Ministers are the regulator for the equivalent services in Wales, namely Care home services provided wholly or mainly for children, Residential family centres, Fostering services and Adoption services.

### **Other matters**

#### **Question 7:**

- a) Are you able to expand on the implications for Wales should that adequacy decision from the EU be lost?
- b) b) If the Bill passes in its current form, what is your view of its impact on the EU's adequacy decision?
- c) What discussions have you had with the UK Government in relation to this issue?

#### *Response:*

On point a, Data adequacy refers to the European Commission's power to determine, on the basis of article 45 of Regulation (EU) 2016/679, whether a country outside the EU offers its citizens an adequate level of personal data protection. At any time, the European Parliament and the Council may request the European Commission to withdraw any adequacy decision.

Most businesses in Wales, and especially those in financial services and tech sectors, rely on cross-border data flows; being able to smoothly transfer personal data about their customers or staff to offer goods and services, and to operate cloud-based email or file storage.

If the UK lost its data adequacy status for transfers under the GDPR, the EU would require 'appropriate safeguards', as specified under article 46 of Regulation (EU) 2016/679, to be put in place by companies transferring data between businesses/organisations in the EU and businesses/organisations in the UK.

EU businesses would be required to assess the data adequacy of UK businesses on a case-by-case basis and implement one of six specified data transfer safeguards. For example, standard EU Commission data protection clauses could be required in contracts between EU and UK businesses, or UK businesses could be required to sign up to binding corporate rules in the case of multinationals with subsidiaries located in the UK and the EU.

Implementing such additional data safeguards when trading with a UK business would mean that EU businesses would face additional administrative and reporting requirements. This increased complexity and cost could make UK, and therefore, Welsh, businesses less attractive to EU businesses as trading partners, reducing our competitiveness.

Requirements to comply with additional data safeguards would also cause disruption for Welsh businesses, as efforts will need to be made in undertaking additional compliance activities. Efforts will involve staff time, legal resources, and additional financial costs. Welsh subsidiaries of EU-owned companies would likely be most impacted, as additional costs and bureaucracy could potentially make Wales and the UK less attractive for investment from EU companies.

Data protection regulators in EU countries are responsible for ensuring companies in their territories comply with EU data protection law. Regulators can impose fines on companies which do not put in place appropriate data safeguards. For example, on 22 May, Ireland's Data Protection Commission (DPC) published a decision to impose a fine of 1.2bn euros on Meta Platforms Ireland Limited (previously known as Facebook Ireland Limited), Meta's EU HQ operation, and suspend transfers of user data between the EU and the US. The US has not been ruled as 'data adequate' by the EU. The DPC said that Meta had violated rules requiring data safeguards to be in place.

On point b, the new version of the Bill does not appear to assess the risk that amending the GDPR regime could threaten the EU GDPR adequacy decision made regarding the UK. Our view is that changes to the UK's GDPR regime as outlined in the Bill could jeopardise the EU GDPR adequacy decision, which is constantly monitored and can be withdrawn at any time.

On point c, this issue has been raised several times with UK Government at official level, who have provided assurances that they see no threat to the adequacy agreement by the Bill. Officials have also requested that UK Government share a copy of its risk assessment on the matter, which we are yet to receive. This issue was also raised at a meeting between the Minister for Economy and the Minister of State, Department for Science, Innovation and Technology on 17 May.

# Agenda Item 2.7



1 Cathedral Road  
Cardiff  
CF11 9SD

1 Heol y Gadeirlan  
Caerdydd  
CF11 9SD

Paul Davies  
Chair  
Economy, Trade and Rural Affairs Committee  
Senedd Cymru  
Cardiff  
CF99 1NA

from: Shavanah Taj  
direct line: [REDACTED]  
email: [REDACTED]

16 June 2023

Dear Paul,

## **Evidence Concerning the Shared Prosperity Fund and Levelling Up Fund in relation to potential job losses at universities and in the third sector**

Thank you for your letter asking for Wales TUC's evidence regarding the above. We are concerned about reports on potential job losses in these sectors for the human impact it will have on those workers affected and their families and communities. We are grateful for the opportunity to contribute to your inquiry.

We have seen the evidence provided by the Wales Council for Voluntary Action and share their concerns about the impact on workers and, having consulted the unions who represent staff in this sector, have no further information to add.

With regard to the universities, we have been advised by the University and College Union (UCU Wales) that potential job losses in their sector is a matter of serious concern. UCU Wales represents almost 7,000 academics, lecturers, trainers, instructors, researchers, managers, administrators, IT staff, librarians, and postgraduates in universities, colleges, adult education and training organisations across Wales. This is a joint response from UCU Wales and TUC Wales on this matter. UCU Wales would be happy to provide oral evidence to the committee on this matter.

As a point of departure, our principal observation is that these harms are occurring in the present. Notwithstanding the anxiety and uncertainty experienced by research staff, damage done to the wider Welsh research ecology presages atrophy in strategic disciplines and knowledge gathering areas – the bedrocks of the knowledge economy.

In a sector which is already plagued by pervasive precarious employment, job losses will further demoralize existing practitioners, and undermine confidence in the sector as the employer of choice for those with key skills. There is a very real prospect that graduates with key skills who lack the financial support to navigate an early career characterised by short-term contracts will be dissuaded from taking up research posts. Not only is

this likely to exacerbate underlying inequalities but also represents a net loss of talent to Welsh academia.

Acknowledging that at least some of the challenges are structural (such as funding mechanisms and the recent necessity of using revenue generated by international students to cross-subsidize research and teaching), we believe that the damage already occurring consequent to the end of structural funding requires an immediate and targeted intervention. After all, and in contrast to more insidious threats, it will not be possible to resuscitate research-streams when the teams, and their embedded expertise, are dispersed and networks have dissolved.

As an immediate measure, we propose an urgent 6-way meeting between the Universities, their governing bodies, UCU Cymru, HEFCW, Welsh and Westminster governments to establish urgent bridging funding for the scientists and related staff who will lose their jobs this year as a result of withdrawal of structural funds.

### **Scoping the Risk**

- Best Estimated net loss = £50 to £70 million
- At least 60 projects and 1000 jobs at risk across Wales. Most of those affected are working on non-permanent contracts; many have been working this way for more than a decade, but loss of structural funds means that these work-streams will end.
- Given the historical purpose of structural funding, the impact will likely fall in strategic areas such as advanced manufacturing, energy systems, net zero, and health technology. Jeopardy to Wales is thus doubly perverse. Examples are below.
- The UK Shared Prosperity Fund is not a replacement. Putting aside obvious differences in quantum and bidding protocols, tasking local authorities with funding projects without ensuring the relevant research expertise or an appropriate formula is untenable. It is very unlikely that this spending will lead to research investment: research is not a priority for the 22 local authorities in Wales.
- UKRI and Horizon/Plan B are unlikely to mitigate in the short-term simply because they were not set up to do this work. They fund large projects, based on established research programmes.

Please read the appendix to this letter which provides examples of case studies and personal testimonies.

### **Short Term Solution: immediate rescue package for the knowledge economy**

- £70 million is needed to bridge the funding gap, rescue research employment and ongoing projects, and retain talent for 18 months. Whilst medium and long-term solutions are developed, we must explore short-term, bridging measures: these might include a matched-funding package to stabilise employment, reduce the haemorrhaging of talent and underpin research and development.
- A 6-way meeting between the Universities, their governing bodies, UCU Cymru, HEFCW, Welsh and Westminster governments to establish urgent bridging funding for the scientists and related staff being made redundant this year as a result of withdrawal of structural funds.

- A task-and-finish group to explore how to put research activity on a permanent footing in university business plans. The Universities and Colleges Employers' Association have acknowledged the problem, but the knowledge economy needs a solution now, with proposals implemented this year.

### **Medium Term Solution**

- A sector-wide rescue plan to compensate for loss of structural funding.
- Await report of task and finish group to establish:
  - o A permanent funding arrangement for research, and open-ended contracts for staff grade career researchers.
  - o Review of the impact of major UK research funders, including UK Research & Innovation and the National Institute for Health and Care Research.

### **Subsidiary Considerations – Medium-to-Long Term**

The Tertiary Education and Research (Wales) Act places a strategic duty on the new Commission for Tertiary Education and Research to collaborate with trade unions. Evidence demonstrates that institutions which embrace collaboration and co-decision plan for the long term and perform as stable economic and civic actors. For this reason, we believe that any additional funding should be contingent upon a meaningful effort to develop social partnerships.

Welsh HEIs currently run an assortment of insecure contracts. If Wales wishes to grow and retain talent the use of such contracts should be minimised. In May 2022, UCU published a [report](#) which presented the findings of a survey into the experiences and needs of 955 postgraduate researchers in UK higher education (including Welsh institutions). Issues highlighted by respondents can be grouped into three categories:

1. Insufficient income and/or funding and the associated workload and time costs
2. Insufficient specificity in training and the formal requirements of the PhD for career development
3. Insufficient interpersonal support and integration of PGRs within universities.

Thank you taking the time to read our narrative. We hope that the analysis and human insight contained in the appendix below will convince readers that this work is too important to lose.

Yours sincerely

**Shavanah Taj**  
General Secretary  
Wales TUC

**Jamie Insole**  
Policy Officer  
UCU Wales



## Appendix: Case studies and personal testimonies

### *Awen Institute likely to close in July 2023*

- The Awen Institute brings together leading researchers, older people and the creative industries to co-produce products, services and environments for older people. The aim is to unlock one of the fastest growing but least understood market segments utilising the potential of creative industries.
- Central to the Awen Institute is refurbishment of existing facilities to build greater capacity for world-class research by creating a Hub as part of a Living Lab, which, along with citizen co-creation, will place older people at the centre of innovation, identifying needs and testing prototype products, experiences, environments or services. The Living Lab comprises innovation and collaboration spaces for academic-industry consortia; a daily living facility (a mock-up of a home living room, kitchen or dining room space) plus a virtual reality facility at the Singleton Park Campus, Swansea University.
- The Awen Institute's research activities and outputs could help future-proof the economy by enabling businesses and other economic players to equip themselves with the knowledge and insight they need to benefit fully from this increasingly-significant market opportunity.

### *The Computational Foundry as its WEFO funded period ends*

- Despite the very challenging period, the Computational Foundry (CoFo), not only met, but exceeded targets, especially in terms of winning funding (£26M) and external engagement, including Wales industry, health, local government and grassroots communities (303 unique partners). Crucially the impact of the Foundry is far wider in Wales' economy and social fabric than the measurable impacts within the university.

### *Accelerate*

- This has already lost/ is losing colleagues. AgorIP is a team of ~15 scientists, including secondees embedded in health boards across Wales, and is due to close. The team has been developing innovations throughout the COVID-19 pandemic to address immediate and longer-term NHS needs. Investment has been ~£24m and ~£13m, respectively, but the headlines are the people and the activities. They have collectively supported scores of innovations by exploring hundreds of opportunities.
- Applications to develop healthcare innovations were explored, and connections made with relevant partners from the large networks developed through the project, including industrial companies, health care practitioners and academic researchers across Wales. For many projects, a short collaborative project with clear high impact outcomes was defined and undertaken by staff with individual expertise, utilising our 'state of the art' laboratory facilities which provided access to the highest standard of equipment. The development of new products and processes for scores of companies was documented each quarter. More details and case studies are available here: <https://www.swansea.ac.uk/medicine/enterprise-and-innovation/business-support-projects/accelerate-healthcare-technology-centre/>

### *Personal testimonies*

- A colleague made redundant stated: "I could see so much being achieved each week; the number and diversity of projects supported means this work almost defies description."
- "My fixed term contract ended on 31/03/23 and I am currently employed on very short-term projects (until 31/07/23). The insecurity is incredibly stressful. I am looking for and applying for jobs, whilst also servicing a busy work schedule and trying to network and find sources of funding that could keep me employed."
- "I am still trying to keep the work 'live' (applying for small amounts of short-term funding) whilst at the same time, delivering all work to grant funders in short timescales. I am considering leaving academia. I am also considering selling my house, as I live alone, as a single wage earner and feel very stressed about pending unemployment and not being able to pay my mortgage and bills."

# Agenda Item 3

## Economy, Transport and Rural Affairs Committee

### General Scrutiny - Welsh Government's evidence paper

#### Green economy

Our Economic Resilience and Reconstruction Mission published in 2021 outlines our plans to advance Wales as a low carbon economy; a circular economy with higher levels of circularity, innovation and resource efficiency.

In March 2021, the Senedd set Wales the target of achieving “net zero carbon” by 2050. In 2022, Net Zero Industry Wales was established. It will co-ordinate industrial decarbonisation activities by its members that align with the Programme for Government's decarbonisation priorities and the plan to become a Net Zero nation by 2050.

Ministers have set a target for the Welsh public sector to be carbon neutral by 2030. They have also set a target for 70% of electricity generated in Wales to be from renewable sources by 2030.

In line with these ambitions, the Welsh Government is supporting the expansion of the use of renewables to generate electricity in Wales, including on-shore wind, off-shore wind, marine and solar.

Wales based businesses are responsible for around 20% of the UK's overall industrial and business emissions. Of that 20%, the majority of Welsh industrial and business emissions can be directly attributed to companies along the M4 corridor. This is due in large part to our industrial heritage within the steel, oil, gas, and chemicals sectors in south Wales.

Clearly, securing decarbonisation pathways for our high carbon emitting sectors will make a significant contribution towards Wales achieving net zero.

In Wales, we expect the development and scaling-up of technological options for industrial decarbonisation, such as fuel switching and carbon capture utilisation and storage, to have a transformative impact on emissions from the end of the 2020s and through the 2030s.

This transition will be supported by collaboration with industrial clusters, a decarbonised energy network with enhanced grid infrastructure and access to UK-wide funding to implement decarbonisation plans.

The Climate Change Committee has assessed that by 2050 around 60% of the changes needed in Wales to achieve a pathway to net zero were influenced by powers mostly reserved to Westminster. There is a responsibility on the UK Government to deliver appropriately for Wales as the UK cannot reach its net zero targets without Welsh action. Conversely, Wales cannot reach net zero without the UK Government playing its fair part.

Further challenges exist around the technology options available that support the decarbonisation of the steel industry, these include Carbon Capture and Storage or fuel switching to facilitate lower carbon steelmaking. All options come at a significant financial cost and Tata Steel has detailed decarbonisation plans regarding their integrated iron and steel operations at Port Talbot. These are currently paused whilst negotiations continue with the UK Government on a potential package of financial assistance which the company state is necessary to enable their transition.

Lack of UK government support would risk the loss of one of only two primary steel making sites in the UK. This, in turn, would have a significantly detrimental impact on local communities and the whole of the UK's steel value chain. We continue regular engagement with senior executives from Tata Steel UK and UK Government on this to support a positive outcome for steel in Wales.

Net Zero Industrial Wales (NZIW) will support Welsh industrial clusters on their journey to net zero. NZIW will work with its member organisations to develop net zero pathways for industry in Wales and support the co-ordination of regional infrastructure development to enable the transition to a low carbon future. This includes working with stakeholders to develop proposals to feed into the UK Government for the non-pipeline transportation of CO<sub>2</sub>. This could be essential to decarbonising industry and power generation in south Wales. Currently it is not clear how UK Government business models will support the non-pipeline transportation of CO<sub>2</sub>.

In north Wales, we are working with regional partners to consider options to support the accelerated deployment of north Wales hydrogen infrastructure which includes Hydrogen Transport and Hydrogen Hub pilots in Flintshire and Anglesey. In 2021 the UK Government announced that HyNet had been chosen as one of two UK Industrial Clusters under its CCUS Cluster Sequencing Process Track-1 initiative. The initial phases of the project focus on hydrogen production in North-West England and constructing CCUS infrastructure including CO<sub>2</sub> pipelines through north Wales to offshore storage in repurposed oil and gas fields operated by Eni UK at Liverpool Bay. The expansion phase plans to include hydrogen pipelines to Connah's Quay for industrial off-takers in north Wales.

## Skills

February 2023 saw the launch of our Net Zero Skills Action Plan. The Plan is an important first step in understanding the role of skills in making a just transition to net zero.

The challenge to meet our net zero commitment is huge and our future skills needs will require a collaborative approach across the whole economy. In shaping the plan, we worked cross government, with external stakeholders and key partners to gain a picture of the net zero skills landscape against the 8 emission sectors set out in Net Zero Wales.

Our net zero ambitions include a better, fairer, and greener future for us all. Skills are a key enabler to deliver these ambitions, ensuring the transition is fair and the most vulnerable in society are not unfairly burdened with the costs of change. The

changes driven by the need to decarbonise our economy will have impacts on industries, sectors of the workforce and socio-economic groups in different ways; depending on the pathways, policies and actions we choose. Through our Net Zero Action Plan we will ensure the opportunities presented by decarbonisation do not become onerous challenges, and that nobody is left behind.

We want to work in partnership with our stakeholders, with unions and business, to upskill our existing workforce, but also attract and retain future workforces as we develop the Welsh economy towards net zero. This is a key challenge. Even within continuing industries, skill requirements change as technology advances.

Decarbonisation will be just one of the factors driving both the creation of new jobs and the change in the skill requirements of existing jobs, over coming decades.

It is likely that the biggest impacts to be felt will be the changes to the skills for the jobs we do now. The extent of these changes is likely to vary widely in their scale and nature. We will use the Well-being for Future Generations Act as the guiding principle for tackling the transition net-zero in Wales. This will allow us to both minimise the impacts but crucially maximise the opportunities it provides for Welsh workers and communities.

We will shortly be undertaking a consultation on net zero skills within the 8 emission sectors to support the development of a skills roadmap. The roadmaps will outline milestones in terms of investment opportunities, changes in industry practices aligned to carbon reduction, new technologies, developments, policies, transitioning activities etc; all factors that will have an impact on the skills needed to support these key shifts. This detail will allow planning and policy on skills to shift to the forefront in order to stimulate and create the workforce of the future.

### Research and Innovation

Wales is committed to supporting and growing research and innovation. The increasing emphasis on RD&I is demand-led and aligned with Wales' industrial, business, and societal needs.

As we come to the end of the ERDF SMART suite of programmes, which wind up in 2023, and in line with our new Innovation Strategy, we are introducing a new more flexible approach to supporting innovation activities within organisations across the ecosystem – SMART Flexible Innovation Support (SMART FIS).

This new scheme will ensure that support will no longer be restricted to businesses and research organisations. It will be open to any established organisation wishing to engage and invest in research, development and innovation (RD&I), including third sector, local authorities and health boards.

This support will be under constant evaluation and will be refined in line with the commitments in the innovation strategy. An official launch is taking place 8<sup>th</sup> June.

### Innovation Strategy

Our strategy *Wales Innovates*, published on 27 February, points the way to a different approach to innovation. It adopts a mission-based approach, prioritising work that is translational, promoting multi-disciplinary collaboration, promoting best practices and aligning with the aims of our Programme for Government.

The strategy empowers all stakeholders to work collaboratively towards shared goals for innovation, and to lever investment for innovation from external sources, primarily the UK Government, against our shared objectives.

An Action Plan is being developed, setting out a small number of goals in each mission area, actions we will take along with partners, short, medium and long-term milestones and measures.

This will be a living document with enough flex over time to respond to a changing political and economic landscape, to identify different and better opportunities.

### Business support

Business Wales is the Welsh Government's bilingual business support service for Welsh micro-businesses and SMEs including social enterprises, and aspiring entrepreneurs of all ages to access the information, advice and support they need to start and grow their businesses.

The UK Government denying the Welsh Government access to replacement EU funds via the Shared Prosperity Fund (SPF) creates a significant funding gap for the Business Wales service. To mitigate this, we are investing an additional £20.9m per year of Welsh Government funding to up until March 2025 to fill the gap and extend the core service beyond the end of EU funding in 2023.

While the Welsh Government has been denied any access to the SPF to maintain funding for previously EU-funded pan-Wales business and employability schemes, the UK Government has top-sliced £101m of Wales' £585m allocation to fund its Department for Education priority to deliver an adult numeracy programme called Multiply.

### Australia and New Zealand Trade Deals

The UK Government under the Trade (Australia and New Zealand) Act has made legislative changes to implement the Government Procurement chapters of the Agreements.

Secondary legislation entitled the Public Procurement (International Trade Agreements) (Amendment) (Wales) Regulations 2023. has been introduced by the Welsh Government under the Trade (Australia and New Zealand) Act, which will enter into force on the 26 May. The Regulations will ensure that Wales can implement procurement obligations contained in the Agreements.

It is important to stress that the Welsh Government is not responsible for what was ultimately agreed in the deals. Our role in negotiations is to ensure that the UK government understands where deals can create opportunities, risks, or challenges for Wales.

In both deals there are opportunities for Wales; for example, increased mobility for service providers wishing to operate in Australia or New Zealand, but these opportunities are tempered by potential risks such as offering increased market access for agricultural products.

The success of any trade agreement is in how businesses will use the new terms of trade and the Welsh Government already provides a comprehensive range of support for business to develop international trade in key markets. Recently the Minister for Economy met Minister Huddleston to explore how the UK Government's work to support businesses exporting to Australia and New Zealand can complement our own work.

Our Programme for Government commits us to delivering an ambitious programme of export support and trade promotion through the implementation of the Export Action Plan for Wales. As part of this, in March, the Minister for Economy announced investment of over £4m to deliver a major package of support to help Welsh businesses export globally.

The funding enables a range of support, from inspiring businesses to take up exporting; building export capability; helping businesses find overseas customers; and accessing overseas markets, including those where Free Trade Agreements are agreed.

This includes actions to support businesses to prepare for and maximise opportunities from any new free trade agreements, including, for example, through dedicated 'on-the ground' support and advice via our team of International Trade Advisers, based across Wales; a programme of webinars on specific exporting topics and markets; and trade missions to key markets (one of which will be a trade mission to Australia scheduled for spring 2024).

### Regional Investment and Borders

UK Government published the draft Target Operating Model 5 April, which we agreed. It's in our interest to have a coherent approach to our borders across Great Britain. The draft TOM has been undergoing consultation and the final model will be published in June.

Until we all understand the implications of the Windsor Framework and have proposals for a workable regime for goods coming from the island of Ireland into Wales, it is very difficult to make decisions on practical delivery arrangements for border controls at Welsh ports.

It is essential we have clear and enforceable rules for goods coming from the island of Ireland to Great Britain. Without that, neither the authorities nor traders will know enough to be able to prepare for the smooth implementation of these checks.

We are determined to give businesses reasonable notice to prepare for full physical checks once we have the rules.

The UK Government Cabinet Office have led a review of the planned Holyhead Border Control Post with a view to consider size and cost.

Following consideration of options, it has been agreed to progress with plans on Plot 9 of Parc Cybi, with a smaller facility making greater use of shared spaces and intensified cleaning regimes. The layout has been critically reviewed to reduce additional works, for example, avoiding poor ground, and maximising previous construction such as the current HGV layover area.

The redesign needs to be formalised to allow agreement, pricing, and subsequent construction to commence from September.

In Pembrokeshire, activity has been concentrated on understanding the new checking regimes and seeking to apply a consistent approach to reduce building footprints in light of lower check volumes. Opportunities for on-port delivery are feasible, and are to be developed in partnership as business cases are developed in parallel.

### Freeports

The Freeport Programme in Wales offers an opportunity to harness Wales's abundant economic potential. A Welsh Freeport must operate within the Well-being of Future Generations (Wales) Act 2015 and the Welsh and UK Government's net zero commitments. The Programme includes our policies on fair work and social partnership to ensure workers are fairly rewarded, heard, and represented, so that they can progress in a secure, healthy, and inclusive working environment and have their rights respected.

Freeports are special areas within the UK's borders where different economic regulations apply. By delivering investment on specific sites benefitting from tax and customs incentives, Freeports intend to create thousands of high-quality jobs in some of our most disadvantaged communities. These sites have been carefully selected for their suitability for development by local authorities and key private partners and sit within an outer boundary, which represents the geographical location within which the benefits of Freeports are targeted and does not in itself confer any special tax, customs or other status.

Eligible businesses in Freeports will enjoy a range of tax incentives. These tax reliefs are designed to:

- establish the Freeport as a national hub for global trade and investment across the economy.



- encourage the maximum number of businesses to open, expand and invest in the Freeports which in turn will promote regeneration and high-quality job creation.
- drive innovation - creating new markets for UK products and services, that drives productivity improvements, bringing jobs and investment to Freeport regions.

The Porthladd Rhydd Ynys Mon / Anglesey and Celtic Freeports will act as drivers of growth and employment in their areas. Collectively their ambitious proposals could create as many as 20,000 new jobs.

Bidders were also required to explain how their choice of tax site location(s) minimises displacement from wider local areas, especially other economically disadvantaged areas.

The Porthladd Rhydd Ynys Mon / Anglesey and Celtic Freeports will act as hubs for regeneration, innovation and global trade, creating the opportunity to attract over £1billion of investment benefitting not only their surrounding communities, but across Wales and the rest of the UK.

The two Freeports have now progressed to the next stage of the process, officials from both governments will now support the Freeports to become operational. This will involve establishing suitable governance arrangements, developing outline and full business cases, and if successful - designation of a tax and customs site.

The successful bids will receive up to £26 million seed investment each as well as a package of benefits which potentially spans tax and non-domestic rates relief, streamlined planning, customs site designation and wider government support for trade, investment, and innovation.

The Celtic bid plans to focus on low carbon technologies like floating offshore wind (FLOW), hydrogen, carbon capture, utilisation and storage (CCUS) and biofuels to support the accelerated reduction of carbon emissions.

The Anglesey bid plans to build upon the Energy Island Programme – focusing on Marine energy technology testing on the seabed (tidal/ Wind) and low carbon energy.

The development of the Outline Business Cases will give further information on how these proposals will be delivered.

A Freeport's tax sites will not be approved until its Outline Business Case has been and the Government reserves the right not to proceed with the designation of a prospective Freeport tax site that it deems to not meet the criteria set out in the Bidding Prospectus, does not represent good value for money, or an optimal, effective or deliverable use of the tax site powers.

Document is Restricted



# Evidence paper for MRANWT General Scrutiny at ETRA Committee

5/6/2023

Information provided to aid the Committee in advance of the Minister's attendance for General Scrutiny on 21 June.

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## Agriculture (Wales) Bill

The Bill passed Stage 3 of the Senedd scrutiny process on 16 May. All 37 government amendments, 5 amendments laid by Plaid Cymru (4), and Liberal Democrats (1) were agreed. 32 of 33 amendments laid by Conservatives were not agreed.

Amendment 55 was accepted by the Senedd. However, these provisions cause fundamental issues for the effective operation of the duties and provisions in the Bill by restricting the powers to provide support.

The Minister for Rural Affairs, North Wales and Trefnydd moved a Motion without notice on Tuesday 24 May in Plenary seeking the Senedd's agreement to a Report Stage. Members of the Senedd agreed in a majority vote to the motion.

The Report Stage is to be held on 20 June in Plenary. It is then anticipated that Stage 4 vote will be held on 27 June in Plenary.

A further request for Crown consent is expected to be issued early June to ensure the Bill as amended at Stage 3 receives Crown Consent prior to Stage 4 vote as per Standing Orders.

## Designation of a new National Park in Northeast Wales

Following the review and updating of its designation processes and procedures, in its role as the designating authority for Wales, Natural Resources Wales (NRW) established a Designated Landscape Programme during the financial year 2022/3. This is a new eight-person Programme team that is being funded by the Welsh Government.

Reporting and governance structures have been established including a Programme board with bi-monthly meetings. Monthly reporting to Welsh Government and Bi-monthly update meetings with the Minister are being undertaken.

Work has commenced to embed the sustainable management of natural resources into the designation process with particular focus on nature recovery and climate change.

The Area of Search mapping has recently been completed with a resulting report currently being drafted. The Area of Search defines the maximum possible area of the new National Park to guide further evidence gathering and assessment, but it does not represent the actual/final boundaries of the new National Park.

Following the completion of the Area of Search, a contract to identify the 'Special Landscape Qualities' within this area is scheduled to begin in July. Preliminary procurement activity is underway for the subsequent elements of evidence gathering that will follow. NRW officials have held early engagement meetings with all the Local Authorities in the Area of Search, as well as Eryri National Park Authority. Subsequent updates with key stakeholders will follow in June and July that will share the Area of Search.

A communications lead has been appointed to NRW's Designation team and proactive communication work is gathering pace. An information Webpage has been prepared along with Frequently Asked Questions (FAQs) and procedural guidance. This was published on 1<sup>st</sup> June and will be periodically updated with key information throughout the designation process. Later in 2023, NRW will hold a series of engagement events on the National Park proposal to gather information from local communities and other key stakeholders. There will also be an opportunity to share feedback during a public consultation period in 2024.

Alongside the designation work for the new National Park, the Welsh Natural Beauty project is also being undertaken to establish an evidence base for considering possible additional designations and related purposes. Initial stakeholder meetings have taken place.

## Food Policy

Welsh Government continues to advance a suite of food related policies. The Minister for Rural Affairs, North Wales and Trefnydd summarised the main ones in her letter of 28 February to the committee, explaining how they interact and relate to the goals of the Food (Wales) Bill. Collectively the policies are shaped by the principles of the Well-being of Future Generations (Wales) Act. Policies advance the Act's goals to benefit individuals and communities. They are devised and executed collaboratively, in partnership with diverse stakeholders, and pursue short and long term objectives.

The Welsh Government noted during consultation and subsequent scrutiny of the Bill that stakeholders widely held the opinion of policy not being sufficiently joined up. We are confident this is not the case because policy making within Welsh Government is characterised by collaboration and cross-portfolio working. Policies do refer to each other where relevant and very little evidence came to light during the scrutiny process to suggest specific policy conflicts.

Nevertheless, as a government which places much value on partnership and collaborative working with diverse stakeholders, it is very important everyone understands the policies in place and in development. We accept there is a perception to address, a need to communicate better what the Welsh Government's policies for food are, and how they join up across different policy areas and how they relate to the well-being goals of the Well-being of Future Generations (Wales) Act 2015. Consequently, we have committed to publish a cross portfolio document for stakeholders summarising our wide-ranging policies and to update it periodically.

The Minister for Rural Affairs, North Wales and Trefnydd has also committed to chair a cross-Government forum to ensure the efforts made within Welsh Government are subject to appropriate oversight which allows for better policy join-up to be achieved and communicated.

We are taking these actions because we take very seriously the concerns raised during the Bill's scrutiny of Welsh Government food policies not being sufficiently joined up. These commitments also address the substance of the committee recommendations to the government should the Bill fall.

The immediate issue is concern about on-going food price inflation, currently running at around 19%, and hitting the poorest and most vulnerable hardest. We are also all aware of supply chain problems during the winter concerning egg supply and fresh salad vegetables.

The food supply of Wales, and the businesses which operate here, are wholly integrated into a common UK food system. Effective policy needs to be developed and operate with that reality. Thus where it makes sense to do so the

Welsh Government welcomes working with the UK government and national bodies.

We were pleased the Prime Minister held the Downing Street “Farm to Fork” summit in May, at which the Welsh Government was represented by a senior official. We welcomed the commitments to review the egg and horticulture sectors and the Welsh Government will contribute to this work. Much comment has been made about food prices and profit margins and the Competition and Marketing Authority has announced a review to consider whether any failure in competition is contributing to higher grocery prices. The CMA has approached the Welsh Government to engage in that work and we await the outcome of the review in due course.



## Glastir Contracts

Glastir Advanced, Commons and Organic contract extensions have been offered for 2023. These contracts commenced on 1 January. A total of 2,295 contracts were accepted, worth over £30m.

Extending Glastir contracts for a further 12 months contributes to our aims of conserving and enhancing wildlife and biodiversity, improving our soil and water resources, restoring peatland habitats and responding to the climate emergency by taking action through the decarbonisation of Welsh agriculture. The extensions also provide an opportunity for us to align replacement support to the future proposed Sustainable Farming Scheme.

No decision has been made on agri-environment support from December 2023, when the existing Glastir contract come to an end, to the introduction of the Sustainable Farming Scheme. Consideration of Glastir Advanced, Organic and Commons contracts is being taken independently as their alignment to the Sustainable Farming Scheme differs.

## Maximising EU spend on the RDP - Audit Wales Report

An Audit Wales report titled *Maximising EU funding - the Structural Funds programme and the Rural Development Programme* was published on 2 June.

The audit findings have identified a number of risks, some of which are outside the Welsh Governments control, to maximising EU funding under the Rural Development Programme by 31 December 2023. The risk together with mitigations are set out in the report.

There have been considerable challenges for some projects because of the impact of Brexit, Covid, and more recent inflationary pressures. Escalating costs of building materials and supply chain issues are impacting on the costs and delivery at a time when there is limited flexibility remaining in the programme.

Officials are working closely with beneficiaries where there are risks projects do not deliver to the required timescales or level of output and will consider requests for an extension to submit claims later than the published deadlines, on a case-by-case basis, provided the projects final claim can still be verified and paid before 31 December 2023.

Late submission of claims may lead to a delay in completing all admin checks and controls for maximising EU funding. To ensure all administrative checks are completed in accordance with the regulations, officials are aiming to complete all controls by October and have had to introduce firm deadlines for the provision of information under this 'in-situ' inspection process. Failure to provide all necessary information or supporting documents may lead to claim penalties being applied.

Welsh Government officials are focused on processing the large volume of RDP claims received and still expected before the 31 December. This also includes the Glastir 2023 claims (following the submission of this years Single Application Form) which normally paid in the following year.

## Sustainable Farming Scheme

The Sustainable Farming Scheme (SFS) is the first new major scheme underpinned by the Agriculture (Wales) Bill and mirrors the Sustainable Land Management (SLM) objectives in the Bill to support farmers to lower their carbon footprint and deliver for nature whilst, at the same time, continue to produce food sustainably through resilient agricultural businesses. It also recognises the key role farmers play as stewards of our Welsh language, heritage and culture.

Last year Welsh Government published the most detailed set of proposals to date. Those proposals were used to underpin the second phase of co-design throughout the latter part of the year. The codesign results are still being analysed, and a report will be published as soon as analysis is complete

Tree planting remains a hot topic. We had lots of feedback on tree planting through codesign, and we are still exploring how to integrate these options in a way which works for all types of farm.

Our SFS Working Groups are ongoing. These groups are helping to unpick some of our biggest and most complex challenges;

- The Tenancy group has been exploring the unique challenges faced by our important tenanted sector in meeting all the scheme actions, and the implications of the proposed 5-year SFS contracts where the tenant does not have sufficient tenure.
- The new entrants group has somewhat overlapped the findings of the tenancy group, but has also been exploring solutions to some of the main barriers to new entrants, mainly around the lack of access to land, finance and skills. It is likely some of these solutions will lay outside of the core SFS.
- The common land group possibly have the biggest challenge. The group are exploring if and how the SFS model can be applied to common land, and if not, what alternatives need to be considered. Based on their 'rights' the common land grazier cannot deliver most of the proposed SFS actions. However, there is general agreement on the importance of common land for a wide variety of economic, ecological and cultural benefits, so discussions are ongoing.

We will use the co-design reports and outputs from our working groups, combined with ongoing policy development, to help shape the next version of the SFS proposals which will be included in a final scheme consultation towards the end of this year. No final scheme design decisions will be made until this next consultation is concluded.

We are encouraging any farmers who have a chance to start undertaking SLM actions to do so. Activities such as restoring peatlands and planting new woodland if undertaken in advance of SFS will be honoured in the scheme as part of maintenance payments. There is funding available now to undertake some of these actions e.g. the Woodland Creation grants continue to support both small and large-scale planting backed by funding for skilled professionals to help develop plans.

## Bovine TB Eradication Programme

Our new TB [Delivery Plan](#) was launched in March 2023 and outlines our approach to eradicating bovine TB for the next 5 years. The Delivery Plan contains a comprehensive set of measures that encompass our commitment to forge strong working partnerships with stakeholders to achieve these goals.

Priority actions as outlined in the Delivery Plan include:

- Governance arrangements - establish new Programme Board and Technical Advisory Group for the TB Eradication Programme, through the Public Appointments process. Establish terms of reference for each group.
- Cattle Vaccination - Continue engagement with other administrations and the industry on a vaccine deployment strategy.
- Establish a pilot project in the Pembrokeshire region to tackle deep seated infection, following a procurement exercise.
- Agree and implement additional cattle control measures in Anglesey, or more widely across the Low TB Area and commence badger vaccination work on Holy Island as part of a package of intensive measures to tackle a spike in TB incidence in the region.
- Progress phase I of the legislative changes set out in the Delivery Plan including introducing Pre-Movement Testing in the Low TB Area and expanding Post-Movement Testing to the Intermediate TB Areas.

### Governance

The Minister for Rural Affairs, North Wales and Trefnydd announced the establishment of a Technical Advisory Group (TAG) to help support the TB Programme and appointed Professor Glyn Hewinson, Sêr Cymru Chair of the TB Centre of Excellence, to lead this work. Members to this group will be Publicly Appointed, as will a chair and members to a TB Eradication Programme Board.

The role of the TAG will be to consider and review TB policies, taking account of existing and emerging evidence and a number of key priorities have been identified. These include consideration of the current TB testing protocols and, a review of the on farm slaughter of in calf TB affected cattle.

A key priority of the TB Eradication Programme Board will be to consider stakeholder involvement in the Programme with a particular focus on improving cooperation, collaboration and ownership through increased engagement, in line with the [recommendations](#) of the Task and Finish Group on Farmer Engagement.

## Cattle Vaccination Research

Cattle vaccine field trials are currently being undertaken and if they are successful, farmers and vets will move a step closer to being able to vaccinate their animals against the disease.

The trials will allow us to generate sufficient evidence to support a Market Authorisation (MA) application to the Veterinary Medicines Directorate (VMD) to use both products in the UK.

## Anglesey

The Welsh epidemiological team at APHA have identified a deteriorating situation on the isle of Anglesey with a recent rise in TB breakdowns. Surveillance data shows that as of 31 December 2022 there were 9 open breakdowns in Anglesey. This compares to 8 as of 31 December 2021, 2 as of 31 December 2020 and 3 on 31 December 2017.

Options to address both TB in cattle on Anglesey and to protect badgers from becoming infected with TB are in train. Currently this includes assessing the feasibility of a 4-year badger vaccination project on Holy Island, which we would aim to start this year.

## Legislative Changes

The new Delivery Plan gives us the chance to reflect on the progress made on our commitment to eradicate bovine TB from Wales. Key changes to the Tuberculosis (Wales) Order 2010 which will strengthen our legislation further to provide the tools to achieve the goal of eradication by 2041 include:

- Prohibit feeding of untreated milk to livestock on OTFW premises.
- Introduce a legal requirement for farmers not to move cattle between test day 1 (day of injection known as TT1) and test day 2 (day of the reading of the test known as TT2) and between blood testing and receiving results.
- Make available the number of years a herd has been TB free for inclusion on ibTB.
- Reinstate Pre-Movement Testing for cattle movements in the Low TB Area, whilst maintaining Post-Movement Testing.
- Introduce Post Movement Testing for all cattle movements to holdings in the Intermediate TB Areas from High TB Areas, the High-Risk Area of England and from Northern Ireland.

## Farmer Support

The Welsh Government appreciates the potential impacts bovine TB can have on farming families and others and the stress and anguish a TB breakdown can cause. In response to this, the Welsh Government continues to make farmer support initiatives available as part of the Programme, including Cymorth TB veterinary support and Keep it Out visits.

The Welsh Government has also provided funding to organisations including The DPJ Foundation and Farming Community Network to provide support and advice to farmers struggling with their mental health. This includes the Farming Community Network run FarmWell Wales information Hub. APHA in Wales have also been engaging directly with The DPJ Foundation and Tir Dewi.

As part of the refreshed TB Delivery Plan, published in March, we have committed to work to improve the relationship between farmers and Government by communicating clearly, effectively and empathically when discussing TB. Minimising the source of stress is at the forefront of our priorities.

### **TB Payments**

The Welsh Government has committed to follow a partnership and co-design route when developing TB policy. As well as engaging with the farming industry on any potential policy changes in respect of TB payments, it is also important the TB Eradication Programme Board, once established, is fully engaged in these discussions and contributes to shaping options.

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