Agenda - Economy, Trade, and Rural Affairs Committee

Meeting Venue:	For further information contact:
Hybrid - Committee room 5 Ty Hywel and video Conference via Zoom	**Lara Date**
Meeting date: 26 October 2023	Committee Clerk
Meeting time: 09.30	0300 200 6565
	SeneddEconomy@senedd.wales

Private pre-meeting (09.15-09.30)

Public meeting (09.30-13.00)

1 Introductions, apologies, substitutions, and declarations of interest

(09.30)

2 Papers to note

(09.30)

2.1 Supplementary Legislative Consent Memorandum (Memorandum No 4) for the Levelling-up and Regeneration Bill

(Pages 1 - 2)

Attached Documents:

Letter from the Chair of the Local Government and Housing Committee to the Chair of the Business Committee - 6 October 2023

Senedd Cymru
Welsh Parliament

2.2 Trade agreements: Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Attached Documents:

Letter from the Minister for International Trade, UK Government - 9 October 2023

2.3 Retained EU Law (Revocation and Reform) Act 2023

Attached Documents:

Letter from the Minister for Economy and the Minister for Rural Affairs and North Wales, and Trefnydd - 13 October 2023

2.4 Supplementary Legislative Consent Memorandum (Memorandum No.4) for the Levelling-up and Regeneration Bill

Attached Documents:

Letter from the Minister for Climate Change - 16 October 2023

2.5 Deposit return Scheme (DRS): Inclusion of glass

Attached Documents:

Letter from the Minister for Climate Change - 16 October 2023

2.6 Offshore wind developments in the Celtic Sea

Attached Documents:

Letter from the First Minister of Wales to the Prime Minister, Rishi Sunak MP - 12 October 2023

2.7 UK-EU Parliamentary Partnership Assembly (PPA)

(Pages 14 - 21)

Attached Documents:

UK-EU Parliamentary Partnership Assembly: Third meeting summary report - October 2023

2.8 The Official Controls (Establishment Lists) (Revocation) Regulations 2023

(Pages 22 - 23)

Attached Documents:

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd - 18 October 2023

2.9 Correspondence with Ministers: Welsh Government Draft Budget 2024-25

(Pages 24 - 53)

Attached Documents:

Letter from the Chair of the Children, Young People and Education Committee to the Minister for Education and Welsh Language - 9 October 2023

Letter from the Chair of the Children, Young People and Education Committee to the Minister for Economy - 9 October 2023

Letter to the Minister for Rural Affairs and North Wales, and Trefnydd - 23 August 2023

Letter to the Minister for Economy - 23 August 2023

3 Nuclear energy and the Welsh economy: Nuclear industry and Unions

(09.30-10.15) (Pages 54 - 118)

Tom Greatrex, Chief Executive, Nuclear Industry Association

Helen Higgs, New Nuclear Build Head of Construction Capability, Nuclear Skills Strategy Group

Jane Lancastle, Assistant Secretary, Prospect

Attached Documents:

Evidence paper - Nuclear Industry Association

Evidence paper - Prospect

Additional evidence paper - Bechtel Nuclear Power Co. Ltd

Additional evidence paper - Rolls Royce SMR

Research brief

Break (10.15-10.20)

4 Nuclear energy and the Welsh economy: Nuclear development companies

(10.20-11.05) (Pages 119 - 121)

Alan Raymant, Chief Executive, Cwmni Egino

Simon Bowen, Chair, GB Nuclear

Attached Documents:

Evidence paper - Cwmni Egino

Break (11.05-11.15)

5 Nuclear energy and the Welsh economy: Local Authority view

(11.15-12.00) (Pages 122 - 142)

Llinos Medi, Leader of Anglesey County Council
Alwen Williams, Portfolio Director, Ambition North Wales

Attached Documents:
Evidence paper - Isle of Anglesey County Council

Break (12.00-12.15)

6 Nuclear energy and the Welsh economy: Academics

(12.15-13.00)

Professor Adrian Bull, BNFL Chair in Nuclear Energy and Society, University of Manchester
Professor Simon Middleburgh, Nuclear Futures Institute, Bangor University

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

(13.00)

Private (13.00-13.15)

8 Consideration of evidence following the meeting

(13.00-13.15)

Y Pwyllgor Llywodraeth Leol a Thai

Local Government and Housing Committee

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Elin Jones MS
Y Llywydd
Chair, Business Committee

6 October 2023

Annwyl Lywydd,

Supplementary Legislative Consent Memorandum (Memorandum No 4) for the Levelling-up and Regeneration Bill

You will be aware that the Local Government and Housing Committee has been considering legislative consent memoranda in relation to the Levelling-up and Regeneration Bill and that we published a report on the original, revised and supplementary memoranda on 13 February. You will also be aware that we wrote to you on 18 May, explaining that we had considered Supplementary Legislative Consent Memorandum (No.3) ("SLCM No.3") and that we had decided not to report on it. This was due to the amendments detailed in SLCM No.3 relating to environmental outcomes reports which do not fall within the Committee's remit.

On 12 September, Business Committee agreed to invite us, and three other committees, to consider Supplementary Legislative Consent Memorandum (No.4) ("SLCM No.4") and to report by 13 October. We have considered SLCM No.4 and note that the amendments detailed in SLCM No.4 relate to the levelling-up missions, planning and the environment.

On that basis, and the fact that it has been referred to other committees which may have a greater interest in these amendments, we decided not to report on the memorandum.

I am copying this letter to the Legislation, Justice and Constitution Committee; the Economy, Trade and Rural Affairs Committee; and the Climate Change, Environment and Infrastructure Committee.

Yours sincerely

John

Senedd Cymru
Welsh Parliament

John Griffiths MS

Chair, Local Government and Housing Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Department for Business & Trade

Agenda Item 2.2

Nigel Huddleston MP
Minister for International Trade
Department for Business and Trade

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Paul Davies MS
Chair of the Economy, Trade and Rural Affairs Committee
Welsh Parliament

Our ref: MCB2023/05748

By email: SeneddEconomy@senedd.wales

9 October 2023

Dear Paul,

Thank you for your letter of 19 September, regarding the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and what this will mean for Wales. I am delighted that Wales and the UK as a whole will enjoy numerous benefits from our accession to this agreement.

I am particularly pleased to inform you that the Welsh economy may benefit from a potential boost of £110m in the long run as a result of the agreement, according to our published impact assessment. Joining CPTPP means over 99% of current UK goods exports to CPTPP will be eligible for zero tariffs. Reduced tariffs on imported goods will benefit consumers across the UK as well – meaning consumers in Wales could receive better choice, quality, and affordability.

CPTTP is also particularly advanced in both digital and services trade, which plays to Britain's strengths as one of the world's largest service exporters. This agreement will make it simpler for the UK to sell services digitally and cheaper and easier for tech firms to expand abroad. For example, joining CPTPP will help companies like Wales-based AI company, AMPLYFI, reach new markets through CPTPP's ambitious services and digital provisions.

Moreover, joining CPTPP means the UK will have a trade deal with Malaysia and Brunei, both CPTPP members, for the first time. This will give UK businesses in every part of the UK much better access to economies worth a total of over £340 billion in GDP in 2022. CPTPP is also designed to expand – and expansion is set to bring new opportunities for UK businesses and consumers. I have attached some detail on further benefits Wales may enjoy from the UK's accession to CPTPP.

Over the course of talks we have ensured that we have protected key domestic interests, such as agriculture. We have negotiated a balanced agreement, with significant benefits for agri-food businesses across the whole of the UK and which also has strong protections for the UK's sensitive agricultural products.

These include some permanent protections reflecting the Prime Minister's commitment to protecting the UK's sensitive agricultural sectors. We have also ensured that joining will not compromise our high animal and plant health, food safety or animal welfare standards.

Entry into force will now take place once both the UK and CPTPP Parties have finished their legal procedures which we expect to happen in the second half of 2024. My officials will continue to engage with colleagues in the devolved nations as we work towards this milestone.

Thank you again for your letter. I hope this response is helpful to you.

Yours sincerely,

Nigel Huddleston MP
Minister for International Trade
Department for Business and Trade

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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

Paul Davies MS
Chair
Economy, Trade and Rural Affairs Committee
Senedd Cymru
SeneddEconomy@Senedd.Wales

13 October 2023

Dear Paul,

Thank you for your letter of 19th September 2023 seeking responses to questions in relation to the Retained EU Law (Revocation and Reform) Act.

In answer to questions 1 and 2, we recognise that the Senedd did not give its consent to the REUL Act, however as relevant executive functions now sit with Welsh Ministers, we will exercise those functions responsibly.

Welsh Government are considering the consequences of the new powers provided to Welsh Ministers by the Act and will develop plans accordingly. We are working with our UK Government counterparts to understand their intent and any implications that their plans might have which will impact on Wales. We do not currently have any plans to use these powers to bring about substantive policy changes.

In responding to the UK Government's REUL Act, it is a priority for Welsh Government to focus on issues of devolved competence in Wales arising from the implementation of the REUL Act. We have not established a universal mechanism to address instruments covering matters of reserved competence in Wales. We will keep any such instruments under review and address any implications for matters that are the responsibility of the Welsh Government accordingly.

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In answer to question 3, no instruments were identified as giving rise to specific concerns requiring Welsh Ministers to exercise their power to preserve them insofar as they applied in devolved areas.

Yours sincerely,

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

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Ein cyf/Our ref: JJ/PO/342/2023

Paul Davies MS
Chair
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16 October 2023

Dear Paul,

Many thanks to you and the Economy, Trade and Rural Affairs Committee members for considering Supplementary Legislative Consent Memorandum (SLCM) (No.4) on the UK Government's Levelling Up and Regeneration Bill (the Bill).

I have provided a response to the questions in your letter of 2 October 2023.

Paragraphs 93 – 103 of SLCM (No.4) set out the Welsh Government's position on the proposed amendments to Part 1 of the Bill – the Levelling Up Missions. At paragraph 111 you state your view that the amendments tabled by the UK Government on 4 July 2023 on Part 1 of the Bill improve upon the position set out in the original revised LCM for this Bill, laid on 25 November, to the extent that you now recommend that the Senedd gives consent to the Bill. In that revised LCM it was recommended that consent was not given to Part 1 of the Bill. In paragraphs 97 and 98 of SLCM (No. 4), you detail the concerns that remain in relation to Part 1 of the Bill, and the concerns are also noted in paragraph 111.

It would therefore be helpful to have more information on how you consider the position to be improved, and the concerns that remain in relation to Part 1, especially given that you are now recommending that consent is given.

The amendments proposed by the UK Government clearly indicate a recognition of the role of Senedd Cymru and the Welsh Government in the devolved areas covered by the Levelling Up Missions and respond to the concerns we have consistently expressed to UK Government on this Bill.

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The amendments place a number of consultation and due regard obligations on the UK Government when setting, reporting, revising and reviewing the statement of Levelling Up Missions and associated methodology. The amendments also require a Minister to report to Parliament on how they have had regard to the role of Senedd Cymru and Welsh Government which will be subject to scrutiny.

In operation, the UK Government would be required to take account of the role of the Senedd and Welsh Government, carrying out appropriate consultation and give due regard to the representations made. I recognised that this was a much-needed improvement to the Bill, creating a necessary fetter on the relevant Minister of the Crown in devolved matters, and create a report open to scrutiny on how they have given due regard.

The Welsh Government, in line with its devolved responsibilities for regional economic development, has worked in partnership to help address the long-term structural economic challenges in Wales and the geographical disparities between different parts of the United Kingdom (UK) and the European Union (EU).

However, several funds associated with levelling up have been established by the UK Government using the UK Internal Market Act powers to take spending decisions directly in devolved areas while bypassing the Welsh Government and Senedd. Undermining regional policy and imposing these funds on Wales without meaningful partnership with the Welsh Government and with little regard for the distinct needs of Welsh stakeholders is costing Wales jobs and growth.

Regional economic development is devolved to Wales, and funding for devolved functions should come to the Welsh Government for Welsh Ministers to allocate in line with its priorities and strategic direction and subject to the scrutiny of the Senedd. This will help avoid duplication of services, blurred accountability, poor value for money, sector funding gaps and an incoherent and confused funding landscape where small amounts of money are spread thinly on short-term, localised projects.

The Minister for Economy has recently appeared before your committee to discuss the concerns we have with the approach taken by the UK Government to the Levelling Up and Shared Prosperity funds. We are pleased the Committee has acknowledged, in its report Post-EU Regional Development Funding, many of the points we have been making to the UK Government and others about its approach to Levelling Up and post-EU funds for several years. A range of other cross-party committees, both in the Senedd and Westminster, as well as independent think-tanks and the National Audit Office also share many of our concerns about the approach the UK Government has taken to Levelling-Up and post-EU funding.

It remains unclear how Part 1 of the Bill will impact on the competitive-based Levelling Up Fund, and this has been a source of debate during report stage in the House of Lords. Applicants for the Levelling Up Round 2 were asked to explain how their bid aligned to the missions set out in the Levelling Up White Paper and we understand that the annual reports on the levelling up missions required by this Bill will include, where relevant the contributions made by projects and programmes. Five local authorities in Wales (Flintshire, Merthyr Tydfil, Monmouthshire, Newport and the Vale of Glamorgan) are yet to receive any funding from the first two rounds and arrangements for the third round of the LUF are yet to be announced despite this short-term fund ending in March 2025.

In the SLCM I highlighted our concern about the lack of engagement with Welsh Government on the drafting of the missions and on the associated metrics. We have been approached to engage directly on the metrics for the wellbeing mission but am awaiting a rescheduled date. UK Government have told us that the Levelling Up Missions this will not create new reporting targets or priorities for devolved public bodies. Metrics will be UK level measures not performance related indicators relating to specific sectors or bodies.

We have through the Well-being of Future Generations (Wales) Act 2015 a set of seven national well-being goals, described on the face of the Act, and supported by 50 well-being metrics and 18 milestones. These are the goals that are guiding the work of Government and named devolved public bodies in Wales. The provisions in clauses 1-6 of the Bill contain some of the elements that are already provided for through the WFG Act. This includes annual reporting, indicators and milestones and the setting of objectives to shape delivery.

It would also be helpful to know why SLCM (No.4) was laid over a month after the amendments were tabled

We received information on proposed amendments to the Bill from the UK Government at short notice and therefore we needed to assess the implications of these amendments from both a legal and policy perspective in order to lay a supplementary Legislative Consent Motion which we did at the earliest opportunity. I regret we were not able to publish the SLCM sooner.

Can you confirm whether any other amendments have been tabled that have removed clauses that previously required Senedd consent;

No amendments have been tabled that remove clauses that previously required Senedd consent. Although you will note that SLCM (No.5) a, laid on 6 October, contains provisions that have been tabled in lieu of amendments that were tabled during Committee and Report stage, which were subsequently agreed. In terms of Part 1 amendments have made this Part more palatable but the clauses have always in our view required Senedd consent.

Can you confirm whether the UK Government is of the view that the clauses and schedules as amended or inserted by the amendments set out in SLCM (No.4) require the consent of the Senedd

The UK Government remain of the view that the Legislative Consent Motion process is not engaged by Part 1 of the Levelling Up and Regeneration Bill but is engaged for Part 3 Chapter 1 (Planning Data) and Part 6 (Environmental Outcomes Reports). This was first set out in Annex A of the Explanatory Notes to the Levelling Up and Regeneration Bill as brought from the House of Commons on 19 December 2022, and was confirmed to me in a letter from the Parliamentary Under Secretary of State for Levelling Up, the Union and the Constitution in May 2022, and the letter from the then Minister for Levelling Up in November 2022.

This position does not change because of the proposed amendments as set out in SLCM (No.4) or SLCM (No.5).

Yours sincerely,

Julie James

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

Agenda Item 2.5

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: JJ/PO/343/2023

Paul Davies MS
Chair
Economy, Trade and Rural Affairs Committee
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16 October 2023

Dear Paul,

Thank you for your letter of 4 September regarding the Deposit Return Scheme.

As set out within our circular economy strategy, Beyond Recycling, our aim is to become a zero waste and net zero carbon nation. The Deposit Return Scheme, as part of the wider Extended Producer Responsibility reforms, is an important action in response to the climate and nature emergency which will support the sector to move to more sustainable business practices.

An economic impact assessment was published alongside our joint consultation on the proposed Deposit Return Scheme. The assessment not only demonstrated a net positive impact for the scheme, but also a higher Net Present Value and Benefit Cost Ratio of an ‘all-in’ scheme including glass compared to not including glass. This analysis highlights that removing glass from the scheme has an economic impact – reducing economic benefits from material revenue, increased recycling and reduced litter – whilst significantly reducing the environmental outcomes.

My officials are meeting regularly with Welsh producers and trade representatives to discuss the development of the scheme as part of the transition to a more circular economy. We recognise smaller producers in Wales may face specific challenges in adapting to the obligations of a DRS and are looking at a range of interventions to support. These include exclusions for producers of low volume or limited item product lines, reduced fees for smaller businesses and importantly an exclusion for drinks producers who use reuse and refill to incentivise its adoption.

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I would be happy to keep the committee updated with the implementation of the Deposit Return Scheme, including the impact assessment which will be updated and published alongside the regulations when they are introduced to the Senedd.

I am copying this to Llŷr Gruffydd MS, Chair, Climate Change, Environment and Infrastructure Committee

Yours sincerely,

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

Y Gwir Anrh/Rt Hon Mark Drakeford AS/MS
Prif Weinidog Cymru/First Minister of Wales

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Rt Hon Rishi Sunak, MP
Prime Minister
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12 October 2023

Dear Rishi,

I am writing in response to the latest market update from the Crown Estate in relation to off shore wind developments in the Celtic sea.

The Welsh Government remains as committed as ever to our statutory net zero targets. We recognise the climate emergency, and we see no case for any weakening of our commitments to take action for the benefit of current and future generations. I have welcomed, and indeed share, the UK Government stated ambitions for marine renewables and the ambition for the UK to become a world leader in the floating offshore wind sector. Here, I am pleased that the UK Government has not signalled a move away from the existing commitment for 50GW of floating offshore wind by 2030.

There is a once in a generation opportunity for the essential transition to renewable energy to lead a new industrial revolution, one that will support a just transition especially for many of our coastal communities which have themselves suffered from industrial decline.

However, there is a genuine risk that this major opportunity, and the optimism within the sector, is dissipating due to the lack of progress and action to unlock investment.

In my discussions with renewable energy developers, both based in Wales and those looking to invest in the UK, the key enabling factor to unlock investment is certainty. While it is good that some progress has clearly been made on the recent spatial issues associated with the Celtic Seas, last week's technical update from the Crown Estate will do little to show investors that there is a credible long-term investment pipeline so much needed to unlock major investment decisions. The risk to the UK is that developers, uncertain as to the future development potential in the UK, will seek to utilise the existing supply chain in

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countries that have shown the ambitions for the sector and where investment is already underway in ports and the associated supply chain.

Wales is uniquely placed to support the deployment of significant scale floating offshore wind in the Celtic Seas. Our deep water ports at Port Talbot and in West Wales have the potential to be the manufacturing, integration and maintenance ports the renewable industry is urgently seeking for the Celtic Seas. Our joint work on freeports is another major opportunity to attract new investment, transforming the regional economies, providing new markets for the steel industry and high value added manufacturing. This is a major opportunity for Wales and for the United Kingdom and greater certainty in of future development is the way to ensure that it is grasped.

The other critical infrastructure component is grid. It is recognised that the existing grid infrastructure across the Celtic Sea region is not fit for purpose and requires innovative solutions, both on and offshore, to ensure delivery of a robust and resilient system. Your support will be crucial to ensure that a long-term view is taken on anticipatory investment, not only to meet the initial 4.5GW requirement but future-proofing the system for additional seabed leasing rounds.

The action need from the UK Government is therefore clear. We need urgent clarity on the potential development pipeline for the Celtic Seas which will provide confidence to the floating offshore wind sector that the Celtic Seas will provide large scale opportunities that the sector needs to make Wales and the rest of the UK the base for investment.

If we are to make the most of that opportunity, we also need the support of the UK Government to raise the ambitions for the UK supply chain. We are in an international market where our international competitors are strengthening the local supply chain content for their renewable energy projects. We need firmer action to support the development of the supply chain and require developers to commit to UK suppliers.

Finally, it was deeply disappointing that no floating offshore wind developers bid into the latest round of Contracts for Difference. Changed market conditions mean that the structure and scope of the CfD package has to be reviewed. We cannot risk another failed auction round for floating offshore wind because that really would be disastrous for confidence in the sector.

Provided the sector can see a clear pipeline of opportunity for the Celtic Seas, with collective action to support the supply chain and a contract for difference auction which supports the new industry in its earliest stages, the outlook for Wales and the United Kingdom can be very bright indeed, as global leaders in this vital area.

Again, the Welsh Government is willing to work closely with the UK Government to share our experience with the marine energy sector, and achieve our objectives in the Celtic Sea.

Yours sincerely,

MARK DRAKEFORD

Agenda Item 2.7

Welsh Parliament

UK-EU Parliamentary Partnership Assembly: Third meeting summary report

October 2023

The Parliamentary Partnership Assembly (PPA) is a formal body established under the UK-EU Trade and Cooperation Agreement (TCA). It plays an important role in overseeing the implementation of the TCA and all future UK-EU agreements.

The third meeting of the PPA took place in Brussels on 3-4 July. This report provides a summary of the issues discussed of importance to Wales. The summary report of the last meeting of the PPA made five recommendations on development of Senedd engagement with the PPA. This report reflects on how those have been taken forward between the second and third meetings.

Huw Irranca-Davies, MS, Chair of the Legislation, Justice and Constitution Committee and Luke Fletcher, MS, a member of the Economy, Trade and Rural Affairs Committee participated in the third meeting and the report has therefore been agreed by them in that capacity.

Contents

1. Issues of importance to the Senedd and Wales

The UK-EU, the Trade and Cooperation Agreement (TCA) covers large areas that fall within devolved competence or have a significant impact on them. You can find more information about what these are, how these affect Wales and the role of the PPA in the Senedd Research guides and infographics on the agreement.

In a signal that the agreement on the Windsor Framework has changed the tone and atmosphere in UK-EU relations and the desire for further cooperation under the TCA, the agenda and discussions covered areas where further future cooperation may be possible and where there is common interest from both sides in further collaboration.

You can watch the proceedings in full on the European Parliament UK delegation website.

" A more positive trajectory"

Implementation of the Northern Ireland Protocol and the terms of the Windsor Framework is a significant issue for Welsh ports, businesses and citizens. The Senedd's Legislation, Justice and Constitution Committee and its Economy, Trade and Rural Affairs Committee are closely monitoring the impacts of its implementation on Wales.

European Commission Vice-President Šefčovič remarked that agreement of the Windsor Framework has set UK-EU relations on "a more positive trajectory". The UK Foreign Secretary, James Cleverly, welcomed the mutual trust, confidence and understanding grown between both parties. The more collaborative and cooperative atmosphere was notable and should be strongly welcomed.

Vice-President Šefčovič emphasised the need for work on the implementation of the Windsor Framework to be continued at pace. How implementation issues are resolved will be of significant interest to Wales. The Welsh Government has already signalled its intention to consent to regulations implementing the Framework in devolved areas.

Signs of further cooperation

The signing of the Memorandum of Understanding on Financial Services between the UK and EU was highlighted by both sides as a signal of how further cooperation could be agreed.

Securing energy supplies

In response to the joint recommendation on energy cooperation adopted by the PPA during its second meeting, the Partnership Council highlighted that the UK and EU have agreed to regular discussion on security of supply issues and that the UK has signed an MoU with the North Sea Energy Commission (NSEC) which includes cooperation on hybrid and joint projects, maritime spatial planning, financing of renewable energy projects and exchange of best practice. In our pre-briefing to the UK delegation we highlighted the importance of cooperation in the Irish Sea and Celtic Sea for renewable energy and interconnector projects in Wales and the hope cooperation in these areas can continue to be strengthened in similar ways to cooperation in the North Sea.

A call for global leadership on climate cooperation

The breakout group on climate energy highlighted the 'huge potential for cooperation between the EU and the UK' on delivery of net zero targets, decarbonisation and reform of electricity markets. It called for cooperation on the development of carbon border adjustment mechanisms and a specialised committee on net zero to be created under the TCA governance structure.

The breakout group provided an opportunity to raise Senedd Committee work on the Welsh Government's net zero ambitions and policy and legislation in Wales aimed at tackling the climate crisis.

Accession to Horizon

The UK's accession to the Horizon research programme featured heavily in multiple sessions and breakout groups. Members from all sides in the PPA called on the UK Government and European Commission to conclude negotiations and reach an agreement as soon as possible.

In the breakout groups and in our pre-briefing to the UK delegation we highlighted the importance to the research, innovation and higher education sector in Wales of rapid accession to the Horizon research programme. We emphasised that factors such as the potential quality of research partnerships and outcomes should factor in any value for money analysis concluded by the UK Government.

We welcome the subsequent announcement on the UK's association to Horizon.

A common desire to improve mobility

The ability of UK citizens and EU citizens to move between the UK and EU for study, work and leisure continues to be a key focus of PPA members.

The breakout group on mobility drew attention once again to the on-going issues for the arts and culture sector of travelling and touring. We were able to highlight evidence gathered on this issue by the Senedd's Culture Committee as part of its Wales-Ireland inquiry where issues remain despite the Common Travel Area. The breakout group reiterated the recommendation made previously to the TCA Partnership Council that the EU and UK should negotiate a comprehensive agreement to allow artists to tour and work in the EU and the UK.

The decreased opportunities and barriers to youth mobility and engagement remains of concern to PPA members. We highlighted the work of the Welsh Government's Taith learner exchange programme and its reciprocal elements. The breakout group encouraged the Partnership Council to facilitate the mobility of school children with identity cards and group permits.

On-going issues around settled and pre-settled status for EU citizens wishing to remain in the UK remains a concern. The Senedd's Equality and Social Justice Committee monitors this issue in Wales.

Including citizen voices through civil society cooperation

Horizon and youth mobility were identified by PPA members as a key element of improving civil society cooperation. Emphasising the common importance members from both sides place on resolving these issues.

Further engagement between the PPA and civil society dialogue on the UK-EU relationship is something PPA members are keen to explore. The Senedd and Welsh organisations have been active in supporting Wales and EU civil society engagement post-Brexit. The discussion of the issues provided an opportunity to draw attention to the importance of this work. Engagement of Welsh civil society in UK-EU relations is a key element of the Senedd's Legislation, Justice and Constitution Committee inquiry on UK-EU governance. The Committee hopes to report in advance of the next meeting of the PPA in December.

More room to cooperate on green industrial policy and trade?

The EU's Green Deal, Fit for 50 and the US Inflation Reduction Act formed the basis for discussions on further opportunities to cooperate on industrial policy. Lord Johnson, UK Minister for Investment called for close cooperation to produce resilient supply chains particularly in relation to the development of new technologies. Mr Richard Szostak, Direct for Western European Partners, European Commission emphasised the Commission's focus on fully implementing and realising the potential of the TCA before focussing on further areas of cooperation outside of the agreement. He further echoed Vice-President Šefčovič's message that further divergence will necessarily mean further barriers to trade. He reiterated Commission concerns about the Retained EU Law Act remain and that close attention will be paid by the EU to any legislative changes made. The Senedd refused consent to the Bill but the Act was passed by the UK Parliament without consent.

Our briefing for the UK delegation emphasised that Technical Barriers to Trade with the EU remain a key concern for many Welsh businesses.

"Unwavering condemnation of the unprovoked and unjustified war of aggression against Ukraine"

In its second recommendation to the Partnership Council, the PPA reiterated its unwavering condemnation of the war in Ukraine, its support for Ukraine and the need for cooperation between the EU and UK particularly in relation to an effective sanctions policy. It also called for an 'intensification of dialogue' on avenues for future cooperation and coordination on foreign and security related matters in general between the UK and the EU. It has asked the Partnership Council to report back on its recommendation before the next meeting in December 2023.

The Senedd has been unanimous in supporting motions that condemn the war and express solidarity with the people of Ukraine.

2. Senedd engagement in the work of the PPA

Devolved legislatures have much to contribute to the work of the PPA as this report shows. Devolved members' positive contribution to the work of breakout groups and the valuable opportunity to raise issues and good practice from Wales in those groups clearly demonstrates the benefits of our inclusion.

Our summary report on the second meeting of the PPA made five recommendations to further develop the relationship between the Senedd and the PPA. Progress has been made on several recommendations but we'll continue to work and press for further progress on others.

Recommendation 1: Improvements made to the participation of devolved legislatures in the PPA are now embedded as ordinary working practice.

Recommendation 2: Consideration continue to be given by the Bureau of the PPA to devolved legislatures being able to participate in Plenary discussions on areas of devolved competence.

The inclusion of breakout groups on the agenda for the second time and the invitation for devolved members to fully participate in these demonstrates that positive developments made at the second meeting are being embedded. We value the opportunity this provides to contribute to the important discussions taking place. The publication of the points raised by the breakout groups by both institutions is also very welcome and helps aids transparency and engagement with the PPA.

Whilst appreciating the limited time available to all members of the PPA to contribute during plenary debates, we continue to press for time to be found for devolved legislatures to speak in plenary debates on areas of devolved competence. The PPA plays a hugely important role in strengthening relationships between the UK and the EU and the devolved legislatures can make a positive contribution to the development of ideas and sharing of good practice.

In a similar way the contribution of European regional representatives and wider civil society can only strengthen the work of the PPA.

We provided a written briefing in advance of the meeting to the UK delegation to raise issues of specific importance to the Senedd and Wales. We hope this proved useful in informing the contributions of the UK delegation. We also met with a Vice-Chair the Rt.Hon Hilary Benn in advance. We will continue to seek to develop our relationship and engagement with UK delegation members.

Recommendation 3: The Senedd representatives and relevant Senedd committees work together on the development of the relationship with UK and EU delegation members outside of formal PPA meetings.

Recommendation 4: The reports on outcomes of the session are routinely shared and drawn to the attention of relevant Senedd committees and Welsh Government.

We drew our last report to the attention of relevant Senedd committees and the First Minister for Wales. We're grateful for their positive response and continue to engage with them.

The Senedd's Legislation, Justice and Constitution Committee has invited sister committees in other UK legislatures to participate in its inquiry on UK-EU Governance and met with MEPs from the EU's delegation during its visit to Brussels in September.

Other Senedd Committees have plans to visit Brussels over the next 12 months to discuss issues relevant to the work of the PPA and will continue to seek to build relationship with counterparts in their respective areas.

We take note of the calls from the European Commission in particular to raise the political profile of the TCA and its governance structures and will continue to raise awareness of the PPA's important work.

Recommendation 5: That mechanisms are developed to engage with Welsh civil society on the work of Senedd members in the PPA, both in advance of the formal meetings and after meetings to feedback on proceedings.

We were able to engage informally with stakeholders ahead of this third meeting and used this information to inform our briefing to the UK delegation and contributions in the breakout groups. We're grateful to those stakeholders who were able to provide a steer at such short notice. A key challenge in seeking to engage formally with stakeholders ahead of meetings is that agendas haven't been received until, at most, a week in advance.

Whilst this limits the opportunities available to formally engage with stakeholders on specific agenda items, there are opportunities to engage stakeholders on issues of importance to them in general in advance of meetings and to seek to influence the contents of the agenda. There are also opportunities to raise awareness of any issues identified through more formal stakeholder engagement with both delegations outside of the formal meetings.

In addition, we will seek further opportunities to coordinate work on the PPA with that done by Senedd Members on the UK-Committee of the Regions Contact Group to seek to maximise opportunities available to raise issues of importance to Wales.

Agenda Item 2.8

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

Paul Davies MS
Chair
Economy, Trade, and Rural Affairs Committee
Senedd Cymru
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18 October 2023

Dear Chair,

The Official Controls (Establishment Lists) (Revocation) Regulations 2023

I wish to inform the Committee that I am giving consent to the Secretary of State for Environment, Food and Rural Affairs to make to make the Official Controls (Establishment Lists) (Revocation) Regulations 2023.

The Regulations will be made under powers made using powers in Retained Regulation (EU) 2017/625 – the Official Controls Regulation

The purpose of the Regulations is to revoke restrictions placed on certain Brazilian food establishments. This will enable the previously restricted Brazilian food establishments to be added to the list of establishments approved to export to Great Britain, upon submission of an updated list of approved establishments by the Brazilian Competent authority.

I would like to reassure this Committee it is normally the policy of the Welsh Government to legislate for Wales in matters of devolved competence. However, in certain circumstances there are benefits in working collaboratively with the UK Government where there is a clear rationale for doing so. On this occasion, therefore, I am giving my consent to these Regulations for reasons of efficiency and expediency, and cross-government coordination and consistency.

The Regulations will be laid before the UK Parliament on 18 October 2023 using the negative procedure, and will come into force on 08 November 2023.

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Correspondence.Lesley.Griffiths@gov.wales

I have also written to the Chair of the Legislation, Justice and Constitution Committee, Huw Irranca-Davies MS.

Regards,

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

Y Pwyllgor Plant, Pobl Ifanc ac Addysg

—

Children, Young People and Education Committee

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Jeremy Miles MS
Minister for Education and Welsh Language

9 October 2023

Welsh Government Draft Budget 2024-25

Dear Jeremy,

As last year, we would like written information to support our scrutiny of the Welsh Government's Draft Budget 2024-25. The annex to this letter sets out in detail the information that we would like to receive.

I would be grateful to receive the written information no later than 19 December 2023. I note that the Welsh Government intends to publish the Draft Budget on 19 December 2023. While we usually ask for the written information a few days after the publication of the draft budget, due to the planned publication date of the draft budget, we are asking for this information on the same day. To help alleviate some of the issues in preparing the written evidence and provide you with the maximum time possible to prepare the submission we are issuing our request earlier in the autumn term. Please contact my clerks if you are concerned about meeting our proposed deadline in light of the budget timetable.

Given the shared interest across committees in some of the areas listed in the annex to this letter, I have copied in the chairs of the Economy, Trade and Rural Affairs Committee and the Culture, Communications, Welsh Language, Sport, and International Relations Committee.

Yours sincerely,

Jayne Bryant MS

Chair

Senedd Cymru
Welsh Parliament

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Annex A: Request to the Minister for Education and Welsh Language regarding the CYPE Committee's Draft Budget scrutiny 2024-25

Cross-cutting areas

Transparency of budget presentation

As in previous years, we request a clear, transparent explanation of changes to the overall Education and Welsh Language MEG in 2024-25, from 2023-24, including both a comparison with the actual budget in addition to any revised baseline which is used. We would also appreciate a summary of the key changes between 2023-24 and 2024-25.

If a revised baseline is used, we request a breakdown of amounts which have been removed from or added to the 2023-24 budget and an explanation in each case of why it is deemed appropriate to use the revised baseline rather the actual budget set in 2023-24 for comparisons.

For significant changes to budget lines, we request an explanation of whether money is being taken from/returned to central reserves or allocated from/to other budget lines either within or outside the MEG.

Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations

We request commentary on each of the Actions within the 2024-25 Education and Welsh Language MEG, including an analysis and explanation of significant changes since the 2023-24 First Supplementary Budget (June 2023). In the past, this has been provided in an annex – last year it was Annex B.

We also request a breakdown of the 2024-25 Education and Welsh Language MEG by Action, and Budget Expenditure Line (BEL), with Final Budget 2023-24 allocations, First Supplementary Budget 2023-24 allocations, forecast 2023-24 outturns, and 2022-23 final outturns all included. If indicative budgets are being set beyond 2024-25, we request details of those as well.

If the Welsh Government uses a revised baseline budget for comparative purposes, we request that the actual 2023-24 First Supplementary Budget allocations are also presented alongside 2024-25 draft budget allocations as well as an explanation of the reasons for the re-calculation of the baseline (as mentioned earlier).

Education priorities and other strategic priorities

Information on how the Education and Welsh Language MEG aligns with, and is prioritised according to, the Welsh Government's relevant priorities and key objectives, including:

- An updated assessment from the Minister on the extent to which he believes the Education and Welsh Language MEG contains the resources necessary to deliver Welsh Government priorities and key objectives,

- Information on any ongoing negotiations with the Minister for Finance and Local Government to maximise the level of resources available for education, including funding for schools' core budgets through the Local Government Settlement.

- Details of how allocations to and within the Education and Welsh Language MEG align with the Programme for Government and the Co-operation Agreement.

- Whether, and if so how, the Minister intends to target resources at addressing any cross-cutting themes or priorities across the MEG as a whole, for example any remaining activity to recover from the pandemic, the cost of living, tackling the negative impact of disadvantage on learners' outcomes, the Welsh language, giving effect to children's rights and supporting learners with their physical, emotional and mental health.

Children's rights and other cross-cutting considerations

In line with assessing whether 'due regard' has been given to article 4 of the UNCRC and the Welsh Government's duties under the Rights of the Child and Young Persons (Wales) Measure the Committee:, we request:

- The overall Children's Rights Impact Assessment for this draft Education and Welsh Language MEG for 2024-25, which sets out how children's rights are put into effect in these budget allocations, with reference to specific articles in the United Nations Convention on the Rights of the Child as relevant.

- If a specific CRIA has not been undertaken, the reasons for this.

- A copy of any alternative integrated impact assessment as well as assurances that this assessment demonstrates that the duty of "due regard" to the United Nations Convention on the Rights of the Child has been exercised.

- Details and/or examples of any changes made to initial allocations within the Education and Welsh Language MEG following considerations of children's rights, equalities, sustainability, the Welsh language, or the Wellbeing of Future Generations (Wales) Act 2015 as a result of impact assessments, or where these assessments have had a direct influence on the setting of budgets.

Costs of legislation

- Details of allocations within the 2024-25 budget intended for the implementation of the Curriculum and Assessment (Wales) Act 2021 and associated qualifications reform.

- Details of allocations for implementing the Additional Learning Needs and Education Tribunal (Wales) Act 2018 and the wider ALN Transformation Programme.

- Details of allocations within the 2024-25 budget intended for the implementation of the Tertiary Education and Research (Wales) Act 2022.

- Information on the financial impact of any relevant UK Parliament legislation.

- Financial implications in 2024-25 of any relevant subordinate legislation.

Impact of the COVID-19 pandemic

- Information on any remaining impact of the pandemic on the Education and Welsh Language MEG in 2023-245 and any ongoing implications in 2024-25, including an update on budget arrangements for meeting these, for example whether the "Recruit, Recover, Raise Standards (RRRS)" programme is continuing in 2024-25..

- Details and breakdown of the funding allocated for the education sector's response to the pandemic, in 2022-23, plus any allocation in 2024-2 (essentially an update to paragraphs 1.6.5-1.6.6 of last year's paper).

Impact of Brexit

- An update on whether there are any specific financial implications for the 2024-25 Education and Welsh Language MEG from the UK's withdrawal from the EU, and any allocations made to mitigate these.

Impact of cost of living pressures on delivery of education services

- An update on the implications of cost of living pressures and high energy prices on the operational delivery of education institutions – across early years, schools, colleges, universities and training providers.

Budget monitoring and the current financial context

- Information on the processes in place for monitoring budgets throughout the year, identifying potential deficits and surpluses, and taking remedial action or allocating additional funds to cover any shortfalls, particularly in light of the pandemic.

- The implications for the Education and Welsh Language MEG of the issues referred to in the First Minister's statement of 9 August 2023 and reports of savings needing to be made in this financial year.
- Details of any changes to the 2023-24 Education and Welsh Language MEG that are already anticipated in the Second Supplementary Budget.
- The implications for the Education and Welsh Language MEG of the UK Government's Autumn Statement 2023.

Specific areas

Funding for school budgets

- An explanation of how the Welsh Government has prioritised funding for schools in the 2024-25 Draft Budget (in both the Finance and Local Government MEG and the Education and Welsh Language MEG) and taken account of the Sibieta review of school spending in its approach to setting this budget.
- An update on any work the Welsh Government is carrying out to consider amendments to the School Funding (Wales) Regulations 2010.
- The Minister's perspective on the level of school budget reserves, in the context of the 31 March 2023 data due to be published in late October 2023.

Funding for school improvement

- An explanation of how the Draft Budget 2024-25 supports school improvement and raising standards of education.
- Details of the Regional Consortia School Improvement Grant (RCSIG) allocations in 2023-24, broken down by objective and/or funding description (or whichever headings are appropriate) – essentially an update to Annex D of last year's paper.
- Details of how much RCSIG was paid to each consortium and/or local authority in 2023-24.
- Information on the Education Improvement Grant element of the RCSIG and the review that was underway when the budget was discussed last year.

The cost of living and reducing the impact of deprivation on educational outcomes

- Information on how resources within the Education and Welsh Language MEG are being used to meet the Welsh Government's long-term commitment to reduce the impact of deprivation on educational outcomes.

- A breakdown of the "Tackling barriers to attainment" BEL for the Pupil Development Grant (PDG) and the School Essentials Grant and an update of how eligibility for these is assessed, given the main qualifying criteria (eligibility for free school meals) is moving to universal provision in primary schools.

- Information on how resources within the Education and Welsh Language MEG are being used to support learners in post-16 education with the impact of cost of living pressures, and to address the impact of deprivation on outcomes (including, for example, through additional hardship funding for providers, or through existing student support funding such as the Education Maintenance Allowance).

- The costs of the expansion of free school meals in 2023-24, 2024-254 and future years, and an update on the schedule for extending FSM throughout all primary school age groups.

- A further breakdown of the funding provided to local authorities in 2023-24 for the universal provision of free school meals (UPFSM) and for 2024-25 if known.

- Any other funding within the Education and Welsh Language MEG for initiatives to tackle the cost of living and the deprivation/attainment negative correlation, for example school holiday enrichment/summer of fun/food and fun projects, including an explanation of how these projects and funding streams relate to each other

Education workforce

- Details of budget allocations to finance Initial Teacher Education (ITE) and professional learning for current teachers, including in light of the ongoing implementation of education reforms.

- Information on funding provided by the Welsh Government to the Education Workforce Council.

- Details of any budget provision for meeting the costs of the teachers' pay award for academic year 2023/24 including a breakdown between the 2023-24 and 2024-25 financial years and the respective mechanisms used (whether direct grant or incorporated into the local government settlement).

- Information on any funding to support policy regarding the supply teaching workforce.

Curriculum reform

- Information on funding to support the implementation of the Curriculum for Wales, including professional learning for the workforce.

Emotional and mental health of children and young people

- Budget provision from the Education and Welsh Language MEG in 2024-25 for the whole-school/system approach to emotional and mental health.
- Details of funding from the Health and Social Services MEG to complement work in schools on this area.
- Information on any budget provision to support the emotional and mental health of young people in post-16 education.
- Budget provision for the action plan and wider response to tackle peer on peer sexual harassment among learners.

Pupil absence

- Information on any specific budget provision to address rates of pupil absence or an identification of which budget lines support such work more generally.

Sport and physical activity

- Information on how the Education and Welsh Language MEG supports the provision of sport and physical activity for children and young people, whether inside or outside school, and how this relates to any funding in the Health and Social Services MEG such as for Healthy Weight, Healthy Wales.

Support for Minority Ethnic and Gypsy, Roma and Traveller learners

- Details of funding to support the education of Minority Ethnic and Gypsy, Roma and Traveller learners in 2024-25 and how this is being distributed (whether this is still part of the Education Improvement Grant).

Additional Learning Needs

- An updated assessment of the pressures facing local authorities, schools, and colleges in delivering current SEN/ALN provision, the impact of additional funding in previous years and whether further additional funding will be provided in 2024-25.

- Information on funding provision for the implementation of the 2018 Act, including an updated assessment of whether the ALN reforms are proving to be cost-neutral.
- The latest position on funding for the training of educational psychologists in Wales and the grant funding arrangement with Cardiff University.

Estyn

- Details of Estyn's core budget allocation for 2024-25 from the Finance and Local Government MEG and details of any additional funding from the Education and Welsh Language MEG for Estyn's role in education reforms.

Qualifications

- Details of funding allocated to Qualifications Wales in 2024-25 and details of any additional funding for its work on qualifications reform in the context of the new Curriculum for Wales.

Welsh-medium education

- Details of budget provision to support the Welsh Government's policies for Welsh-medium education, including proposed legislative reform and the education sector's role in meeting the Cymraeg 2050 target of one million Welsh speakers.
- Information on funding allocated for enhancing the Welsh in education workforce..

Early years education and childcare

- Whether the funding arrangements in place in previous years to support the harmonisation of funding rates in early years education and childcare continued in 2023-24 and are continuing in 2024-25.
- Details of any other funding from the Education and Welsh Language MEG to support the non-maintained sector's delivery of early years education and the Curriculum for Wales (recognising that childcare is not in this Minister's portfolio).

Youth work

- Details of how the 2024-25 Education and Welsh Language MEG supports statutory and voluntary youth services and budget provision for meeting the Programme for Government commitments in respect of strengthening youth services.
- Details of how the 2024-25 Education and Welsh Language MEG supports the Youth Work Strategy for Wales and the work of the Implementation Board.

Offender learning

- Information on budget provision in 2024-25 and any changes to how this will be spent compared to previous years.

Further education, sixth forms and adult community learning

- Details of the complete 2023-24 allocations to further education colleges, to include the amounts of all components of the allocation (i.e. full-time, part-time, part-time allowance, deprivation, sparsity and Welsh-medium allowances, maintenance allowance and the Adult Learning Wales adjustment).
- Details of any hypothecated funding to further education institutions or Sixth Forms beyond their usual core grants.
- Details of any funding provided in the 2024-25 budget for achieving pay parity and/or to meet any pay award to further education institutions and Sixth Forms, including an explanation as to the sufficiency of the funding to meet in full any agreed pay award / pay equivalency over the period of this budget.
- The allocation for Adult Community Learning .
- The complete 2022-23 and 2023-24 programme values used in the calculation of FE and Sixth Form funding.

Higher education, and post-16 student financial support

- Details of the Commission for Tertiary Education and Research (CTER) allocation, including details of any hypothecated funding, or funding which is intended for specific activities including mental health and student well-being.
- Details of any 2024-25 allocation intended for the delivery of degree apprenticeships and if it is intended to be used to recruit new apprentices or to teach out existing apprentices.
- Details of any capital funding to be made available to CTER, including any conditions to be placed on it by the Welsh Government.
- Details of any contingencies / reserves / non-allocated funds within any of the 2024-25 tertiary education related BELs, including the BELs within the post-16 Learner Support Action; details of how the funds are / can be deployed; and details of any deployment of them during 2023-24.
- **Grants**: A table showing the 2022-23 outturn, and forecast expenditure over the following four years (broken down by students studying in Wales and elsewhere in the UK) for:

    - Full-time undergraduate (FTUG) Tuition Fee Grant
    - FTUG Maintenance Grant
    - Part-time undergraduate (PTUG) Tuition Fee Grant
    - PTUG Maintenance Grant
    - Masters Finance grant element
    - Education Maintenance Allowance (EMA)
    - Welsh Government Learning Grant (Further Education) (WGLG(FE))
- **Loans provision**: A table showing the 2022-23 outturn, and forecast loan outlay over the following four years (broken down by students studying in Wales and elsewhere in the UK) for:
- FTUG tuition fee and maintenance loan outlay and Resource Accounting and Budgeting (RAB) charge
- PTUG tuition fee and maintenance loan outlay and RAB charge
- Masters Finance loan element outlay and RAB charge
- Doctoral loan outlay and RAB charge.

Other post-16 education provision

- Details of Personal Learning Account funding
- Details of the Welsh in Education budget including any allocation for the Coleg Cenedlaethol.
- Details of funding for the International Learning Exchange Programme (Taith).

Young Person's Guarantee

- Details of budget provision from the Education and Welsh Language MEG which contributes to the Young Person's Guarantee and how this relates to funding from the Economy MEG.

Capital funding for school and college infrastructure

- Information on budget provision for the Sustainable Communities for Learning programme and progress of the programme to date, including expenditure and numbers of projects completed/approved to date, broken down by Band A and Band B.

- An updated assessment of the implications of the increases to energy prices and the cost of living for the Sustainable Communities for Learning programme, including any impact on the progress and costs of projects.

- The financial implications from the Welsh Government's carbon net zero policies and how this affects the 2024-25 draft budget.

Capital funding for childcare

- Information on capital funding from the Education and Welsh Language MEG for the Childcare Offer and Flying Start programme, including the impact of revised eligibility and entitlement.

Capital funding for the Community Focused Schools initiative

- Information on budget provision for the Community Hubs and Community Learning Centres grant and an update on progress in increasing the community focused nature of education estates and adapting premises for community use.

Y Pwyllgor Plant, Pobl Ifanc ac Addysg
—
Children, Young People and Education Committee

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Vaughan Gething MS
Minister for Economy

9 October 2023

Welsh Government Draft Budget 2024-25

Dear Vaughan,

We would like written information to support our scrutiny of the Welsh Government's Draft Budget 2024-25. The annex to this letter sets out in detail the information that we would like to receive.

I would be grateful to receive the written information no later than 19 December 2023. I note that the Welsh Government intends to publish the Draft Budget on 19 December 2023. While we usually ask for the written information a few days after the publication of the draft budget, due to the planned publication date of the draft budget, we are asking for this information on the same day. To help alleviate some of the issues in preparing the written evidence and provide you with the maximum time possible to prepare the submission we are issuing our request earlier in the autumn term. Please contact my clerks if you are concerned about meeting our proposed deadline in light of the budget timetable.

Given the shared interest across committees in some of the areas listed in the annex to this letter, I have copied in the chair of the Economy, Trade and Rural Affairs Committee.

Yours sincerely,

Jayne Bryant

Jayne Bryant MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Annex A: Request to the Minister for Economy regarding the CYPE Committee’s Draft Budget scrutiny 2024-25

Post-16 education provision

- Details of funding from the Economy MEG which contributes towards the provision of careers advice, including to Careers Wales.
- Details of Personal Learning Account funding.
- Details of funding for the apprenticeship programme including the development of new apprenticeship frameworks and reviews of existing apprenticeship frameworks.

Youth work and employability

- Details of how the Economy MEG supports statutory and voluntary youth services and budget provision for meeting the Programme for Government commitments in respect of strengthening youth services.
- Details of how the Economy MEG supports the Youth Work Strategy for Wales and the work of the Implementation Board.

Young Person’s Guarantee

- Details of budget provision from the Economy MEG which contributes to the Young Person’s Guarantee.

Other

- Any other details that you regard as relevant to this Committee’s scrutiny of the Draft Budget.

Pwyllgor yr Economi,
Masnach a Materion Gwledig
—
Economy, Trade, and
Rural Affairs Committee

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

23 August 2023

Request for information to inform scrutiny of Draft Budget 2024–25

Dear Lesley,

I am writing to request written information to support our scrutiny of the Welsh Government's Draft Budget 2024-25. As you will know, arrangements are being made for you to attend the Committee's meeting in January 2024 to give oral evidence on the matter.

The annex to this letter sets out in detail the information that we would like to receive. Of course you should not feel limited by our request, and are welcome to address any other issues you believe will assist the Committee in its budget scrutiny work.

With many thanks for assisting us in our scrutiny work.

Kind regards,

Paul Davies

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

We welcome correspondence in Welsh or English

Annex

Request for information from the Minister for Rural Affairs and North Wales, and Trefnydd to inform the Economy, Trade and Rural Affairs Committee scrutiny of the draft budget 2024-25.

Presentation of the budget

The Committee will present its findings on the Draft Budget according to an agreed coordinated approach centred on four principles of financial scrutiny:

- Affordability - to look at the big picture of total revenue and expenditure, and whether these are appropriately balanced;
- Prioritisation - whether the division of allocations between different sectors/programmes is justifiable and coherent;
- Value for money - Essentially, are public bodies spending their allocations well – economy, efficiency and effectiveness (i.e.) outcomes; and
- Budget processes - are they effective and accessible and whether there is integration between corporate and service planning and performance and financial management.

Please provide the following for the Rural Affairs draft budget as a whole:

- A breakdown of the 2024-25 draft budget, and any future indicative budgets, by Spending Programme Area, Action and Budget Expenditure Line (BEL), both revenue and capital, along with 2023-24 Budget allocations as a comparison;
- Details of the evidence base for budget decisions;
- A narrative description of the main policies and programmes funded by each BEL;
- Details of the processes in place for monitoring budgets throughout the year, identifying potential deficits and surpluses, and taking remedial action to get the budget back on track or allocating additional funds to cover any shortfalls;

- Details of any policy or programme evaluation reports/reviews which have informed changes to the draft budget to help to ensure value for money;
- The implications of increased cost of living on budget allocations and programmes;
- Any implications for the draft budget relating to recovery from the Covid-19 pandemic;
- Details of Post-EU budgetary planning, including managing impacts on BELs;
- How the draft budget provides for the implementation of legislation passed in the Senedd, as well as any relevant UK legislation;
- What account has been taken of the Wellbeing of Future Generations (Wales) Act 2015 in deciding draft budget allocations;
- Details of how the draft budget has been influenced by any equality, sustainability and Welsh language impact assessments;
- How the draft budget reflects the Welsh Government's long-term commitment to reduce the impact of deprivation and poverty; and
- How the Minister has planned for demographic changes in preparing her draft budget, particularly the need to plan for an ageing population.

Preventative Spending:

We will consider preventative spending as part of our scrutiny of the Draft Budget. The definition of preventative spending adopted for this purpose is:

> *spending which focuses on preventing problems and eases future demand on services by intervening early, thereby delivering better outcomes and value for money.*

With this definition in mind, we request information on:

- The proportion of the Rural Affairs budget allocated to preventative spending measures;

- Details of specific policies or programmes relevant to the remit of this Committee that are intended to be preventative, and how in practice public services are being transformed to ensure they are sustainable in future; and
- How the value for money of such programmes is evaluated, with a particular focus on what the specific inputs and intended outcomes are.

Individual budget expenditure lines

As well as general information on the individual Budget Expenditure Lines relevant to the Committee, we would like to receive the following information on the policies and issues outlined below:

- Details of the costs and/or any work undertaken to assess the cost of delivering these policies in 2024-25;
- Information relating to how the delivery of the policy and its associated outcomes will be monitored and evaluated to demonstrate value for money; and
- we are keen to see how equality, sustainability and consideration for the Welsh language have influenced budget allocations.

Rural Affairs

Programme for Government 2021-2026 / The Labour-Plaid Co-operation Agreement:

- An explanation of how the budget allocations within your portfolio align to Programme for Government and The Labour-Plaid Co-operation Agreement commitments and priorities.
- How the Rural Affairs budget allocations address the Welsh Government's commitment to respond to the climate and nature emergencies across all policy areas.

Preventative Spend:

- Details of the proportion of portfolio budget allocated to preventative spending measures and how this has increased compared to last year's budget.

- Details of which specific policies or programmes in the portfolio are intended to be preventative.

Evidence-based policy making

- An explanation of how you have used evidence in prioritising your draft budget allocations and how you will monitor and evaluate programmes to ensure they provide value for money and inform future budget setting processes.

- Details of how the development of the draft budget has been informed and influenced as a result of consultation with stakeholders. For example, work by the Senedd Citizen Engagement team found that when prioritising agriculture, many participants talked about food production and access to healthy food, and becoming more self-sufficient in order to be more mindful of climate change.

Well-being of Future Generations Act

- Examples of how the Act has informed decisions on specific budget allocations.

- Details of how the impact assessment process has influenced the development of the draft budget, including examples of where a decision has been assessed against the Welsh Government's well-being objectives.

Equality, Welsh language and children's rights assessment

- Details of how you have considered the impact of the draft budget on groups with protected characteristics and the Welsh language, including details of any relevant impact assessments.

- Details of how children's rights have been considered in the budget decisions for the portfolio.

I would be grateful if you could provide information about budget allocations in the following policy areas, and the purposes for which they have been allocated:

- The development and implementation of agricultural policy including the proposed Sustainable Farming Scheme for Wales;

- The development of fisheries policy, including the delivery of Fisheries Management Plans;
- Bovine TB eradication and avian flu control;
- Development and implementation of food and drink policy, including the Community Food Strategy;
- Sufficient staffing resource for the development of policies and legislation associated with EU exit; and Any other matter of significance in relation to EU exit.

Please could you also provide an update on discussions with the UK Government about future funding for agriculture support.

Legislation

I would be grateful if you could provide information about the budget allocations for the implementation of existing and planned primary legislation; the implementation of planned and existing subordinate legislation; and for the implementation of any relevant new UK legislation.

The Committee would also be grateful if you could provide details of how allocations in the draft budget will address the following matters:

- Continued agricultural payments ahead of transition to the new Sustainable Farming Scheme – the Basic Payment Scheme and interim replacement schemes such as the rural investment schemes and interim habitat scheme;
- The process of transition to the new Sustainable Farming Scheme such as piloting, outreach, administrative arrangements and research and development;
- Bovine TB Eradication Programme (including Delivery Plan, testing and compensation);
- The ongoing implementation and enforcement of the Water Resources (Control of Agricultural Pollution) Regulation 2021;
- Continued financial assistance for the marine, fisheries and aquaculture sectors following the end of the European Maritime and Fisheries Fund (EMFF);

- Key policies included in the new Animal Welfare Plan for Wales 2021-26; and
- Livestock identification and movement policy.

Pwyllgor yr Economi,
Masnach a Materion Gwledig
—
Economy, Trade, and
Rural Affairs Committee

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Vaughan Gething MS
Minister for Economy

23 August 2023

Request for information to inform scrutiny of Draft Budget 2024–25

Dear Vaughan,

I am writing to request written information to support our scrutiny of the Welsh Government's Draft Budget 2024-25. As you will know, arrangements are being made for you to attend a Committee meeting in January 2024 to give oral evidence on the matter.

The annex to this letter sets out in detail the information that we would like to receive. Of course, you should not feel limited by our request, and are welcome to address any other issues you believe will assist the Committee in its budget scrutiny work.

Given the overlap between your portfolio and that of the Minister for Education and Welsh Language with regard to funding for skills, apprenticeships, and research and development, I have copied in Jayne Bryant MS, Chair of the Children, Young People and Education Committee (CYPE). We will review the evidence provided to CYPE in budget scrutiny before making our report to the Senedd.

With many thanks for assisting us in our scrutiny work.

Kind regards,

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

CC: Jayne Bryant MS, Chair, Children, Young People and Education Committee

We welcome correspondence in Welsh or English

Annex

Request for information from the Minister for Economy to inform the Economy, Trade and Rural Affairs Committee scrutiny of the draft budget 2024-25.

Presentation of the budget

The Committee will present its findings on the Draft Budget according to an agreed coordinated approach centred on four principles of financial scrutiny:

- Affordability - to look at the big picture of total revenue and expenditure, and whether these are appropriately balanced;
- Prioritisation - whether the division of allocations between different sectors/programmes is justifiable and coherent;
- Value for money - Essentially, are public bodies spending their allocations well – economy, efficiency and effectiveness (i.e.) outcomes; and
- Budget processes - are they effective and accessible and whether there is integration between corporate and service planning and performance and financial management.

Please provide the following for the Economy draft budget as a whole:

- A breakdown of the 2024-25 draft budget, and any future indicative budgets, by Spending Programme Area, Action and Budget Expenditure Line (BEL), both revenue and capital, along with 2023-24 Budget allocations as a comparison;
- Details of the evidence base for budget decisions;
- A narrative description of the main policies and programmes funded by each Budget Expenditure Line;
- Details of the processes in place for monitoring budgets throughout the year, identifying potential deficits and surpluses, and taking remedial action to get the budget back on track or allocating additional funds to cover any shortfalls;
- Details of any policy or programme evaluation reports/reviews which have informed changes to the draft budget to help to ensure value for money;

- The implications of increased cost of living on budget allocations and programmes;
- Any implications for the draft budget relating to long-term recovery from the Covid-19 pandemic;
- Any ongoing implications of implementing new arrangements and obligations under the UK-EU Trade and Cooperation Agreement;
- How the Minister is planning to manage any negative impact on budgets within the portfolio arising from the ending of Structural Funds and/or seeking to take advantage of any opportunities that may arise;
- How the draft budget provides for the implementation of legislation passed in the Senedd, as well as any relevant UK legislation;
- What account has been taken of the Wellbeing of Future Generations (Wales) Act 2015 in deciding draft budget allocations;
- Details of how the draft budget has been influenced by equality, sustainability and Welsh language impact assessments;
- How the draft budget reflects the Welsh Government's long-term commitment to reduce the impact of deprivation and poverty; and
- How the Minister has planned for demographic changes in preparing his draft budget, particularly the need to plan for an ageing population.

Preventative Spending:

We will consider preventative spending as part of our scrutiny of the Draft Budget. The definition of preventative spending adopted for this purpose is:

> *spending which focuses on preventing problems and eases future demand on services by intervening early, thereby delivering better outcomes and value for money.*

With this definition in mind, we request information on:

- The proportion of the Economy budget allocated to preventative spending measures;

- Details of specific policies or programmes relevant to the remit of this Committee that are intended to be preventative, and how in practice public services are being transformed to ensure they are sustainable in future; and
- How the value for money of such programmes is evaluated, with a particular focus on what the specific inputs and intended outcomes are.

Individual budget expenditure lines

As well as general information on the individual Budget Expenditure Lines relevant to the Committee, we would like to receive the following information on the policies and issues outlined below:

- Details of the costs and/or any work undertaken to assess the cost of delivering these policies in 2024-25;
- Information relating to how the delivery of the policy and its associated outcomes will be monitored and evaluated to demonstrate value for money; and
- we are keen to see how equality, sustainability and consideration for the Welsh language have influenced budget allocations.

Economy:

- Support to help business and workers as a result of the increased cost of living;
- Ongoing support to help businesses with long-term recovery from the pandemic;
- Any allocations in relation to the Freeport Programme in Wales;
- Any allocations in relation to the potential creation of 'investment zones' in Wales.
- Allocations to support regional economic development, including those made to develop and deliver the regional economic frameworks, Tech Valleys, and the Arfor 2 programme.
- The financial allocations associated with the foundational economy and the Backing Local Firms Fund;

- The Development Bank for Wales – including support for employee owned businesses;
- Financial allocations to Business Wales;
- The financial allocations to deliver the Programme for Government commitment to 'seek to double the number of employee-owned businesses';
- The Community Bank;
- Support for key manufacturing sectors such as aerospace, automotive and steel;
- The allocations to deliver Welcome to Wales: priorities for the visitor economy 2020-25, including the 'Wales Tourism Investment Fund' and 'Brilliant Basics Fund';
- Support to deliver 'Together for retail: a Wales Retail Forum action plan';
- Allocations to support businesses and workers in the transition to Net Zero, such as those to support the creation of sustainable green jobs, and those that ensure that workers will have the necessary skills for these jobs;
- Detail on budget allocations to support delivery of the Welsh Government's remote working strategy;

Skills & Employability:

- The total quantum of funding intended to be deployed on delivering the Young Persons Guarantee in 2024/25.
- The level of funding intended to be deployed to deliver Personal Learning Accounts in 2024-25.
- A consolidated list of all employability programmes funded by the Skills BEL, including:
    - The intended client base / beneficiaries of each programme;
    - Whether they are part of a larger 'umbrella' scheme (i.e. the Young Persons Guarantee)

    - A list detailing the main providers for each of the programmes including their 2024-25 contract values.

Work-based Learning:

- The actual 2022-23 and forecast 2023-24 outturn for the apprenticeship programme and traineeship programme;
- Details of any transfers out of the 2024-25 Work-Based Learning Action to fund Degree Apprenticeships;
- Details of any funding utilised in 2023-24 and forecast to be used in 2024-25 to
    - Develop new apprenticeship frameworks;
    - review existing apprenticeship frameworks.
- Details of all demand-management restrictions and actions to manage apprenticeship demand that are in-place, or will be introduced for the apprenticeship programme during 2024-25.

Regional Skills Partnerships / Employer Engagement:

- Details of the funding to be provided to each Regional Skills Partnership and for what purpose;
- Details of any other funding intended to support the operation of Regional Skills Partnerships but which is not allocated directly to them.

Research, Development and Innovation

- Details of any funding during 2024-25 intended to resource Welsh Government’s five priorities for research, development and innovation in Wales; including any funding aimed at ensuring Wales has a fair share of available research, development and innovation funding including any EU funding replacements;
- Details of any funding during 2024-25 intended to resource the Innovation Strategy for Wales;

- Details of the funding for research and innovation across the whole of Welsh Government.

Trade

- Details of any funding support for trade including promotion, support for businesses or investment in infrastructure linked to trade;
- The financial allocations to deliver the 'Export Action Plan for Wales';
- Details of any funding during 2024-25 intended for the development, construction and associated running costs of Border Control posts in Wales.

Nuclear Industry Association Response to the Economy, Trade, and Rural Affairs Committee's 'Nuclear Energy and the Welsh Economy' Inquiry.

The Nuclear Industry Association (NIA) welcomes the chance to respond to the Economy, Trade, and Rural Affairs Committee's 'Nuclear energy and the Welsh economy' inquiry.

The NIA is the trade association and representative body for the civil nuclear industry in the UK. We represent around 270 companies operating across all aspects of the nuclear fuel cycle.

Due to the diversity of our membership, our views in this submission will cover high-level, industry-wide matters. Our members may choose to make their own detailed submissions.

Summary

- New nuclear projects in North Wales would transform the economy of the region, providing thousands of high-quality jobs for local people and billions of pounds worth of investment in the region. These projects would provide a shot in the arm to the Welsh engineering and industrial base and give young people in North Wales the chance to stay and build lives in the places where they grew up. They would give Wales the cleanest power in the United Kingdom and turn Wales into a clean energy export powerhouse.
- Wylfa is the best site in all of Europe for nuclear, capable of hosting four large-scale reactors or a mix of large and small-scale reactors.
- The UK Government should choose a large-scale reactor design for the next large-scale project after Sizewell C, before the end of this Parliament and should strongly consider deploying that at Wylfa as a top priority.
- Trawsfynydd has the potential to host some of the first Small Modular Reactors (SMRs) in the United Kingdom and should thus be assigned for the early deployment of the SMR design chosen by Great British Nuclear (GBN).
- The Government should be prepared to take equity stakes of at least 20% in projects at Wylfa and Trawsfynydd to lower the cost of financing and to provide investor confidence.

1. **What potential economic impact could new nuclear developments in north Wales have on the regional economy?**
   a) The nuclear industry is currently worth £700 million to the Welsh economy of which £100 million is direct impact, £400 million is indirect impact and £200,000 is induced impact.[1] The industry supports just over 800 direct jobs in the sector.[2]
   b) Wales has the dirtiest power of the three nations of Great Britain as it has no nuclear capacity to complement renewables and is thus highly dependent on gas-fired generation. Scotland has the cleanest power in Great Britain, and it has generated the most nuclear power proportionally of any nation in the country.
   c) Wales had nuclear power for more than 50 years, from the opening of Trawsfynydd Nuclear Power Station in 1963 to the closure of Wylfa Nuclear Power Station in 2015. Wylfa A provided power directly to the aluminium smelter on Ynys Môn, an early illustration of the nuclear's potential to support further industrial development.
   d) New nuclear development in north Wales would have a transformative impact on the local economy. The potential for new nuclear power at Wylfa is huge, with the site often being referred to as the best site for new nuclear in Europe.
   e) Due to the size of the site, Wylfa could host at least two large-scale reactors, and likely four large-scale reactors, or a mix of large and small reactors. Two large-scale reactors at Wylfa, for instance, could produce enough low-carbon electricity for 5 million homes, cut the UK's gas imports by 4.4bn cubic metres, provide 10,000 jobs during construction and 800-900 long-term jobs during operation, and add billions of pounds in opportunities to the UK supply chain. The station, in short, could host enough capacity to produce more electricity than what all of Wales consumes in one year.

[1] https://www.niauk.org/wp-content/uploads/2023/01/Delivering-Value_Economic-Impact-Civil-Nuclear.pdf
[2] https://www.niauk.org/nia-jobs-map-2023/

f) A station at Trawsfynydd could attract SMR projects worth billions of pounds if multiple units were deployed. There are many different SMR designs currently being developed that could potentially be deployed at Trawsfynydd.
g) Nuclear projects have a proven record of transforming regional economies. In Somerset, two large scale reactors are currently being built at Hinkley Point C, driving investment in the wider South West region. As of April 2023, £5.3 billion had been spent directly with companies based in the South West and £139 million has been invested in local infrastructure and community support.[3] 19,250 new jobs have been created as a result of the project with thirty-four per cent of the Hinkley Point C workforce being employed from the local area. Additionally, £24 million has been invested directly into education, skills and employment due to the project. The project has also seen a significant demand for Welsh steel with 200,000 tonnes going into the project to date. A nuclear project in Wales would also see a demand for Welsh steel.
h) Nuclear power stations create local jobs and contribute tens of millions of pounds per year in wages, which is ploughed back into the local economy. Our current nuclear power stations employ between 500 and 550 full time staff at each plant. Two large-scale reactors at Wylfa could provide jobs for between 800 and 900 people.
i) Each nuclear sector employee contributes an average of £102,300 in gross value added contribution to GDP, almost twice as high as the national average.[4] For perspective, the gross median weekly pay for inhabitants of Gwynedd is £426.50 and £528 for those in Anglesey as of 2022 according to the Office for National Statistics.[5]

2. What can be done to ensure that any new nuclear projects maximise local employment and local or Wales-based supply chains?

a) The best way to maximise local employment and local supply chains is for the Government to take at least minority equity stakes in future projects in Wales. Equity stakeholders have the most influence on the shape of the supply chain, and that is the best guarantee.
b) We strongly supported the Government's commitment to building a project pipeline of nuclear projects in its 'Powering up Britain: Energy Security Plan' report published earlier this year; however, we would welcome answers to the following:
    - Which reactor technology will be used to deliver a further-large scale project?
    - How many reactors will be built?
    - Where will these new reactors be built?
    - Who will build and pay for them?
    - The order in which the reactors would be built.
c) The Government should define the pipeline for new nuclear projects urgently to ensure that Welsh companies and others who worked or will work on Hinkley Point C and Sizewell C are able to shift smoothly to subsequent projects.
    - Nuclear industrial specialist Boccard has operations in North Wales and recently opened a new factory in Broughton, creating 200 highly skilled jobs, in support of Hinkley Point C. The facility has the potential to support other nuclear projects in Wales, maximising local employment and supply chains, however, it needs a strong order book to remain competitive.
d) As part of the GBN SMR technology selection process, we would encourage UK content becoming a key competitive determining factor in technology selection. The value that vendors bring to the UK and Welsh industry should be considered and vendors should be required to maximise UK content where possible.

3. What challenges could current skills shortages pose and how can these challenges be overcome?

a) The nuclear workforce needs to expand substantially to deliver the UK's 24 GW ambition of nuclear capacity, and to deliver new projects at Wylfa and Trawsfynydd as part of that. Currently, the UK has about 77,000 people in the civil nuclear workforce but will likely need close to 250,000 for the full programme.

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[3] https://www.edfenergy.com/sites/default/files/hpc_socio_economic_report_2023_-_compressed.pdf
[4] https://www.niauk.org/wp-content/uploads/2023/01/Delivering-Value_Economic-Impact-Civil-Nuclear.pdf
[5] https://www.ons.gov.uk/visualisations/areas/W92000004/

b) A clear programme of nuclear projects from Government is essential to overcome this skills challenge. Businesses will have the certainty to invest years in training new workers if the Government commits to a long line of orders that will be followed through. In addition, a clear line of orders will illustrate to new recruits that they can have a stable, long-term future in the civil nuclear industry.
c) The Government already has the vehicle for national workforce planning across civil and defence nuclear in the Nuclear Skills Taskforce. We believe that the Nuclear Skills Taskforce should be charged with producing a workforce plan from now to 2050 integrating the civil nuclear construction pipeline with the nuclear submarine construction programme. This integration is essential to maximise supply chain activation and efficiency and minimise the cannibalisation of skills in one part of the nuclear sector by the other. Crucially, this plan should say what we need to do to get the people to deliver on-grid nuclear and new submarines, and not whether we can get the people.
d) We must try to get the people to build the new reactors we want, and not settle for fewer reactors, less sovereign energy, fewer jobs, and more emissions because of our current skills constraints.

Further Information

The NIA is happy to provide more context or any clarifications desired on the content of our response and to ask our members where appropriate for additional information that may be useful.

Please contact Lauren Rowe, Policy Analyst for the NIA, at Lauren.Rowe@niauk.org to do this.

Delivering nuclear power

Submission by Prospect to the Economy, Trade and Rural Affairs Committee

October 2023

Introduction

1. Prospect is the leading UK union for engineers, managers, and specialists. We represent 150,000 members working across the public and private sectors, including in the civil nuclear sector.[1] Our response to this consultation is informed by the experience of thousands of members working in nuclear generation, decommissioning, research, and regulatory roles.
2. Nuclear will play a vital role in meeting the UK's future energy needs. The government has a legally binding target to reach net zero emissions by 2050 and an ambition to be an energy exporter by 2040.[2] Achieving these goals will require a transformation of our energy system, including decarbonising electricity generation while doubling supply to meet the demands of transport and heating electrification.[3] This requires the rapid scaling up of renewables such as onshore wind, offshore wind, and solar, as well as technologies that complement their variable output. Advances in energy storage, demand side response, and other potential sources of flexibility are promising developments in this but are largely unproven at scale. Nuclear is the only proven, low-carbon technology that can provide the firm power generation we will need alongside renewables to meet our net zero and energy security goals.
3. Nuclear power also supports highly skilled, well-paid jobs across the country. The civil nuclear industry currently employs nearly 65,000 people and supports 160,000 jobs across its wider supply chain.[4] These jobs tend to be better paid and more productive than average.[5] Nuclear jobs are located in regional centres outside London, boosting local and regional economies: two thirds (63%) of UK civil nuclear jobs are based in North West or South West England.[6] The nuclear industry should be at the heart of any industrial strategy that seeks to spread prosperity and opportunity to all parts of the UK.
4. We therefore welcome the targets for nuclear power set out in the British Energy Security Strategy published earlier this year.[7] The government's commitment to deploy up to 24GW of nuclear capacity by 2050, which could provide a quarter of our electricity needs, is the right scale of ambition given the energy challenges we face. We also welcome the

[1] https://prospect.org.uk/about/

[2] https://www.gov.uk/government/news/uk-becomes-first-major-economy-to-pass-net-zero-emissions-law; https://www.gov.uk/government/news/government-announces-energy-price-guarantee-for-families-and-businesses-while-urgently-taking-action-to-reform-broken-energy-market

[3] https://www.theccc.org.uk/publication/sixth-carbon-budget/, pp. 72-73

[4] https://www.niauk.org/nia-jobs-map-2022/; https://www.niauk.org/wp-content/uploads/2021/10/Fortyby50_TheNuclearRoadmap_201009.pdf

[5] https://www.oxfordeconomics.com/resource/nuclear-activity-report-2016/, pp. 9-10

[6] https://www.niauk.org/nia-jobs-map-2022/

[7] https://www.gov.uk/government/publications/british-energy-security-strategy/

government's aim to approve up to eight new nuclear reactors by 2030 and the establishment of the Great British Nuclear vehicle to support this goal.

5. However, our central message to the committee is that ambitious targets must be backed up by equally ambitious strategies to achieve them. We are concerned that the government lacks a comprehensive plan to deliver the promised new generation of nuclear power at the speed and scale required. While Great British Nuclear could be a step towards a more strategic approach to developing the nuclear pipeline, it is disappointing that the government is yet to announce basic details about what the new body will do.

6. The government needs to urgently set out a strategy that gives certainty to investors and the civil nuclear workforce. This should include supporting the extension of existing nuclear plants where it is safe to do so; securing a full funding settlement for Sizewell C and future plants; developing a comprehensive skills and workforce development plan for the sector; and backing the wider UK nuclear supply chain. Our response below addresses several of the committee's questions relevant to these concerns.

What could be done to ensure that the UK's electricity supply is not affected by the high proportion of reactors being decommissioned?

7. The high proportion of reactors due to be decommissioned in the next few years is putting the government's net zero and energy security goals at risk. All but one of the UK's existing nuclear power stations are due to come offline by 2028.[8] This will reduce our ability to generate low carbon electricity in the UK, potentially increasing our reliance on gas imports and having an associated effect on decarbonisation, wholesale electricity prices, and security of supply.

8. The government must explore every available path to safely extend the lives of existing reactors to limit the loss of generating capacity. In response to the current energy crisis, the head of the International Energy Agency has urged European governments to seek to delay nuclear plant closures where it is safe to do so.[9] For the UK, the top priority is exploring the feasibility of extending the Heysham I and Hartlepool reactors, which are both due to come offline by March 2024.[10]

9. The government should learn from the failure to extend the life of Hinkley Point B earlier this year. While we and others called for the government to work with Hinkley's owner EDF to explore the potential for extension, no approach was made to EDF before it was too late, and the plant closed at the start of August.[11] EDF has now said it is reviewing the safety case for extending Heysham I and Hartlepool beyond March 2024.[12] The government must proactively work with plant owners and the Office for Nuclear Regulation to support such

[8] https://www.gov.uk/government/news/nuclear-energy-what-you-need-to-know

[9] https://www.ft.com/content/f7990162-395f-488e-9d23-13f3cce83e24

[10] https://www.edfenergy.com/sites/default/files/uk_nuclear_fleet_strategy_update.pdf

[11] https://questions-statements.parliament.uk/written-questions/detail/2022-06-15/19007

[12] https://www.edfenergy.com/sites/default/files/uk_nuclear_fleet_strategy_update.pdf

assessments – and preparations for potential extension – well before reactors are due to close.

How can the funding methods that support the development of nuclear technologies be improved? How can the UK leverage further private investment in this area?

10. We are deeply concerned about delays in securing a funding settlement for Sizewell C. The government's recent announcement of a further £700m support for Sizewell C is welcome but falls short of the full Government Investment Decision (GID) needed to secure private sector funding for the project. Now that the Development Consent Order (DCO) has been granted, funding is the biggest remaining hurdle to Sizewell C proceeding. The government needs to urgently confirm the GID as private investment will not be leveraged without it.
11. Funding delays are putting the Sizewell C project at risk. Earlier this year, alongside other trade unions we expressed our concern that failure to deliver a prompt GID could lead EDF to pull out of the project, and that remains a real possibility.[13] This would be a disaster in itself, squandering the UK's furthest developed new nuclear project and the 3.2GW capacity that Sizewell C would provide. But beyond this, it also puts the government's wider nuclear ambitions at risk: Sizewell C provides an essential link between Hinkley Point C and future nuclear power projects. Vital skills and expertise will be lost if the Hinkley Point C workforce cannot move on to Sizewell C. For all these reasons, the top priority for a government interested in delivering nuclear power should be securing funding for the project.
12. If the ambitions set out in the British Energy Security Strategy are to be achieved, the Sizewell C funding delays cannot be repeated in future projects. Recent years have shown that government will have to take a big role in funding future nuclear capacity. The decisions by Hitachi and Toshiba to pull out of the proposed Wylfa and Moorside projects in 2019 indicate that the private sector is not willing to shoulder the risk of constructing new nuclear plants alone. A combination of direct government stakes and the Regulated Asset Base (RAB) approach is likely to be needed. The passing of the Nuclear Energy (Financing) Act earlier this year, which legislated for the RAB model, was a positive step forward. However, it must be accompanied by faster decisions on government funding to give investors confidence and attract private finance.

What support will industry need to meet the Government's ambitions for delivery new nuclear power plants in the next decade?

Skills and workforce development

13. Delivering nuclear power requires investment not only in physical nuclear infrastructure but also the workforce that underpins it. The civil nuclear sector faces a challenge in recruiting and retaining the highly skilled staff that it relies on. The Nuclear Skills Strategy Group (NSSG) estimates a minimum of 3,200 new staff need to be recruited in the sector every year, with

[13] https://prospect.org.uk/news/decision-needed-on-sizewell-c-funding-within-weeks-or-entire-project-at-risk-warn-unions

at least 40,000 required by 2030.[14] The British Energy Security Strategy separately suggests that each new large-scale nuclear plant could require around 10,000 jobs to be filled at peak construction.[15] This comes on top of existing workforce challenges, with employers struggling to fill vacancies and a workforce skewed towards older workers who are coming up to retirement.[16]

14. Skills shortages could be a barrier to delivering our nuclear ambitions. The NSSG has identified potential challenges in areas such as project management and engineering.[17] Perhaps surprisingly, many skills needed in the nuclear sector are generic, meaning that employers are competing with other sectors for workers. The government needs to develop a comprehensive skills strategy for the sector that addresses skills shortages and recruitment challenges.

15. We are also concerned that public sector pay restraint is affecting recruitment and retention of a skilled nuclear workforce. While nuclear power stations are operated by the private sector, many decommissioning, regulatory, and research roles are in public sector bodies covered by civil service pay guidance.[18] There is a reluctance among many senior leaders in the sector to publicly question government pay policy, but we have been told by senior HR leaders that “we are approaching a red-light in terms of recruitment competition”, and that in many areas “we may not be able to compete.”[19] This could become more acute if civil service pay continues to be held down during the current period of high inflation. The government needs to explore pay flexibility in the civil nuclear sector to ensure public bodies can recruit, retain, and reward the skilled workforce they need.

Nuclear supply chain

16. While the new build programme is vital, support for the wider nuclear supply chain must not be forgotten. Most urgently, the government needs to take action to retain the UK’s only civil nuclear fuel fabrication plant at Springfields in Lancashire. The Springfields plant is of strategic national importance as a supplier of fuel to current and future nuclear reactors: around a third (32%) of low carbon electricity in the UK is currently produced using fuel manufactured at Springfields.[20] The plant directly employs more than 800 highly skilled people and supports 4,000 jobs across the North West.[21] However, uncertainty about the future of the UK’s nuclear fleet means demand for fuel from Springfields is at risk. Its current owners Westinghouse have failed to provide guarantees about the plant’s continuing operation.

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[14] https://www.nssguk.com/media/2154/nssg-assessment-brochure-web.pdf

[15] https://www.gov.uk/government/publications/british-energy-security-strategy

[16] https://www.ecitb.org.uk/wp-content/uploads/2022/01/Census-Report-Nuclear.pdf

[17] https://www.nssguk.com/media/2812/nwa-2021-issue-1.pdf

[18] This includes the Nuclear Decommissioning Authority (NDA), Office of Nuclear Regulation (ONR), National Nuclear Laboratory (NNL), and UK Atomic Energy Authority (UKAEA).

[19] Private correspondence between Prospect and senior NDA HR officials.

[20] https://info.westinghousenuclear.com/blog/springfields-at-75

[21] https://www.westinghousenuclear.com/uknuclear/about/legal; https://hansard.parliament.uk/commons/2021-09-07/debates/C14E7F8F-56D8-4AEA-A0B5-AF0730880B9E/NuclearFuelManufacturing

17. We have become increasingly concerned that the current ownership model at Springfields is putting the future of the site and its workforce at risk. As a result, last year we called for Springfields to be brought into some form of public ownership on a temporary or permanent basis.[22] Losing our only domestic manufacturer of nuclear fuel would leave the UK reliant on imports from abroad in an increasingly uncertain trading environment, threatening the security and resilience of our energy system. If the government is serious about energy security, it must do whatever is necessary to protect Springfields and our sovereign capability in nuclear fuel manufacturing.

18. The difficulties at Springfields are further evidence of the need for a comprehensive nuclear strategy that gives certainty and confidence to investors. The delays in moving forward on Sizewell C and other new plants risks an extended gap between the current fleet of reactors closing and new build facilities opening. This uncertainty is contributing to the challenges at Springfield. As set out above, the government needs a clear pathway for funding new nuclear. It should also ensure that new nuclear developments commit to purchasing their fuel supplies from Springfields as a condition of development, guaranteeing a market for UK-produced fuel into the future.

Conclusion

19. Delivering on the government's nuclear goals is vital to meeting our objectives on net zero and energy security, while creating thousands of highly skilled jobs across the country. Our energy system will be transformed in the coming decades and the government is rightly ambitious about the role nuclear power can play. It now needs to take an active role in putting the conditions in place – on areas including funding, skills, and the supply chain – to ensure the nuclear sector is at the heart of meeting our future energy needs.

[22] https://prospect.org.uk/news/unions-demand-new-owner-to-save-springfields-nuclear-jobs

Ending the delays on Sizewell C

A Prospect briefing • November 2022

prospect.org.uk

Ending the delays on Sizewell C

A Prospect briefing • November 2022

Contents

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Overview

- Delays on government funding for Sizewell C are putting the UK's energy security and net zero targets, as well as thousands of jobs, at risk
- Sizewell C is the foundation of the UK's future nuclear ambitions: the project is vital to replace closing reactors and maintain the nuclear capability needed to support a decarbonised energy system
- Without action to confirm the Sizewell C government investment decision by the end of the year, there is a real prospect that private investors pull out of the project

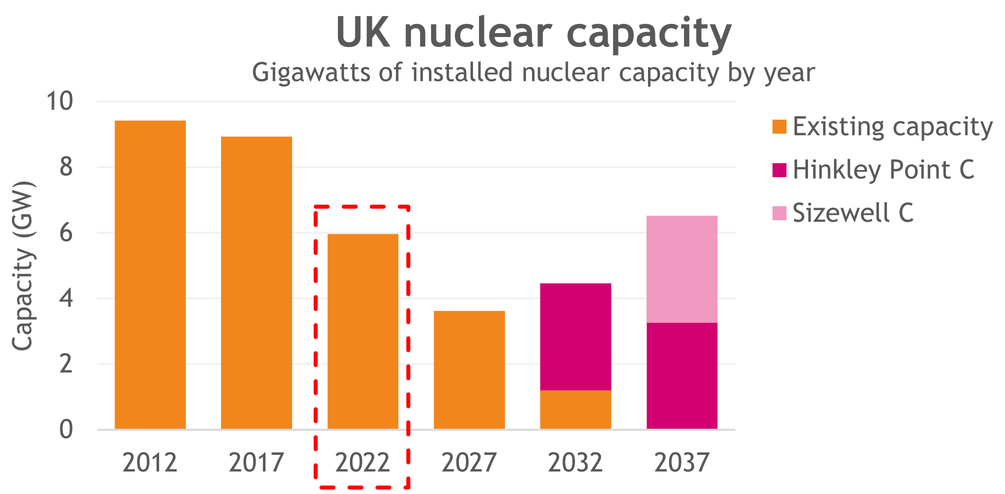
Why do we need new nuclear power stations?

Accelerating the use of homegrown, low carbon energy sources is the **best route to net zero and energy security**.

Renewables will form the backbone of our decarbonised electricity system but must be accompanied by energy technologies that complement their weather-dependent output. Nuclear is the **only proven low carbon technology** that can generate electricity at scale whenever it is needed.[1]

Expert bodies such as the Climate Change Committee and International Energy Agency agree that nuclear has an important role to play in meeting net zero.[2] But with **all but one of the UK's existing nuclear reactors coming to the end of their lives by 2028**, we will need to build new ones simply to maintain our existing level of capacity. Hinkley Point C is the only new nuclear power station under construction and on its own will not make up for the capacity being lost (see chart below).

Ambitions for the UK's future nuclear capacity range from the Climate Change Committee's central assumption of 10GW by 2035 to the government's proposed 24GW by 2050.[3] Either level will require further large 'gigawatt-scale' nuclear plants beyond Hinkley Point C. The government's target includes delivering a new generation of up to eight nuclear reactors, which would be a significant acceleration on the record of recent years.



Source: BEIS, EDF Energy[4]

What’s so important about Sizewell C?

Sizewell C is a proposed new nuclear power station on the coast of Suffolk. With a 3.2GW capacity, it would generate enough clean power for 6 million homes and meet **up to 7% of the UK’s total electricity needs.**[5]

It is the **furthest advanced new nuclear project** in the country and the foundation of our future nuclear ambitions. Having already received government support and planning consent, it is the only project in the pipeline that could begin construction in the next few years. Sizewell C could provide electricity to the grid by the mid-2030s.[6]

The project will boost the UK’s green economy. The nuclear industry already employs nearly 65,000 people and supports 160,000 jobs across its wider supply chain.[7] Thousands more highly skilled, well-paid jobs will be created in the construction and operation of Sizewell C, supporting businesses up and down the country.

Sizewell C also serves as an **essential link between the current and next generation of nuclear power**. Vital skills and experience will be lost if workers constructing Hinkley Point C cannot move to work on Sizewell C, undermining our nuclear expertise. If the project falls through, we are unlikely to see new gigawatt-scale nuclear plants built in the UK.

Why does the government need to act now?

Experience in the UK and around the world has shown that **the private sector will not shoulder the costs and risks** of building new nuclear on its own.

Earlier this year, parliament legislated for a ‘regulated asset base’ funding model for new nuclear projects to reduce the overall costs of securing private investment. However, **direct public investment in Sizewell C is needed** alongside this to demonstrate commitment to the project and unlock private financing.

A promised ‘government investment decision’ has been repeatedly delayed, holding the project back and raising the very real risk that EDF, its primary backer, pulls out altogether.[8] This would be devasting to the UK’s nuclear industry, putting thousands of jobs across the nuclear supply chain at risk.[9]

Sizewell C now faces a cliff edge. We are extremely concerned that unless government funding is fully signed off by the end of the year the project will not go ahead, and the UK’s wider ‘nuclear renaissance’ will be unable to get off the ground.

We are asking MPs to highlight the need for urgent action on funding Sizewell C to Ministers. For more information, please contact XX at XX@prospect.org.uk

About Prospect

Prospect is the leading UK union for engineers, managers, and specialists. We represent more than 150,000 workers across the public and private sectors, including thousands of members in nuclear generation, research, regulation, and decommissioning roles.

References

[1] The government classifies nuclear and renewables as zero carbon at the point of generation. Nuclear has the same lifecycle carbon emissions as wind power. See https://www.gov.uk/government/publications/fuel-mix-disclosure-data-table/fuel-mix-disclosure-data-table and https://www.edfenergy.com/energy/power-stations/over-its-lifetime-nuclear-power-stations-carbon-footprint-same-wind-power

[2] https://www.iea.org/reports/net-zero-by-2050, https://www.theccc.org.uk/publication/sixth-carbon-budget/

[3] https://www.theccc.org.uk/publication/sixth-carbon-budget/, https://www.gov.uk/government/publications/british-energy-security-strategy

[4] https://www.gov.uk/government/collections/digest-of-uk-energy-statistics-dukes, https://www.edfenergy.com/energy/nuclear-new-build-projects, https://www.edfenergy.com/about/nuclear/power-stations

[5] https://www.edfenergy.com/energy/nuclear-new-build-projects/sizewell-c

[6] EDF Energy expects Sizewell C to take 9-12 years to build. See https://www.edfenergy.com/sites/default/files/east_suffolk_newsletter_low_res.pdf

[7] https://www.niauk.org/nia-jobs-map-2022/, https://www.niauk.org/wp-content/uploads/2021/10/Fortyby50_TheNuclearRoadmap_201009.pdf

[8] https://prospect.org.uk/news/decision-needed-on-sizewell-c-funding-within-weeks-or-entire-project-at-risk-warn-unions

[9] Nuclear supply chain companies in the UK have warned that the collapse of Sizewell C could cost around 10,000 high-skilled jobs. See https://www.sizewellcconsortium.com/news/jobsatrisk

Making the case for New Nuclear

A briefing from
Prospect trade union

prospect.org.uk

CONTENTS

Making the case for new nuclear

Summary

The UK's current electricity generation capacity could be reduced by 30% by 2030 because of the planned coal phase out, decommissioning of nuclear plants and the potential closure of aging Combined Cycle Gas Turbines (CCGT) plant. This would leave the UK increasingly reliant on a mix of non-despatchable variable renewables and imports.

Unless action is taken, this changing capacity mix would leave the UK highly exposed to two key risks during winter peak periods: a combination of high demand and low wind and the unreliability of imports via interconnectors.

Modelling of high demand/low wind/unreliable interconnector scenarios suggest that the UK could be exposed to serious system stress by 2030, with potential supply shortfalls of between 9% and 21% during winter peak periods.

Current reliability indicators for interconnectors do not take adequate account of the historical availability of imports during peak periods, nor do they fully anticipate the risks of policy and technological convergence across Europe in the future. Interconnectors currently export power during 14% of peak winter hours; higher use of renewables and carbon price convergence in Europe could dramatically reduce potential imports by 2030.

Extended periods of low wind are a major risk during the summer months. This occurred in July 2018 and is already leading to higher summer peak prices and a heavy dependence on gas for backup. If the UK has to rely on gas for backup in summer in 2030 this could have substantial impacts on decarbonisation and affordability for consumers.

Completing the nuclear new build programme in full would eliminate these risks and provide the UK with secure, low-carbon electricity at low marginal cost.

Existing nuclear generation is a major contributor to local economies and local tax bases, providing up to 28% of local Gross Value Added (GVA) and up to 45% of local business taxes in the communities where they are sited. GVA is the value generated by any unit engaged in the production of goods and services.

Productivity in the nuclear industry is very high – GVA per job in nuclear generation is six times higher than the national average. Productivity growth has been five times higher than the national average in nuclear generation and four times higher across the Nuclear Decommissioning Authority estate

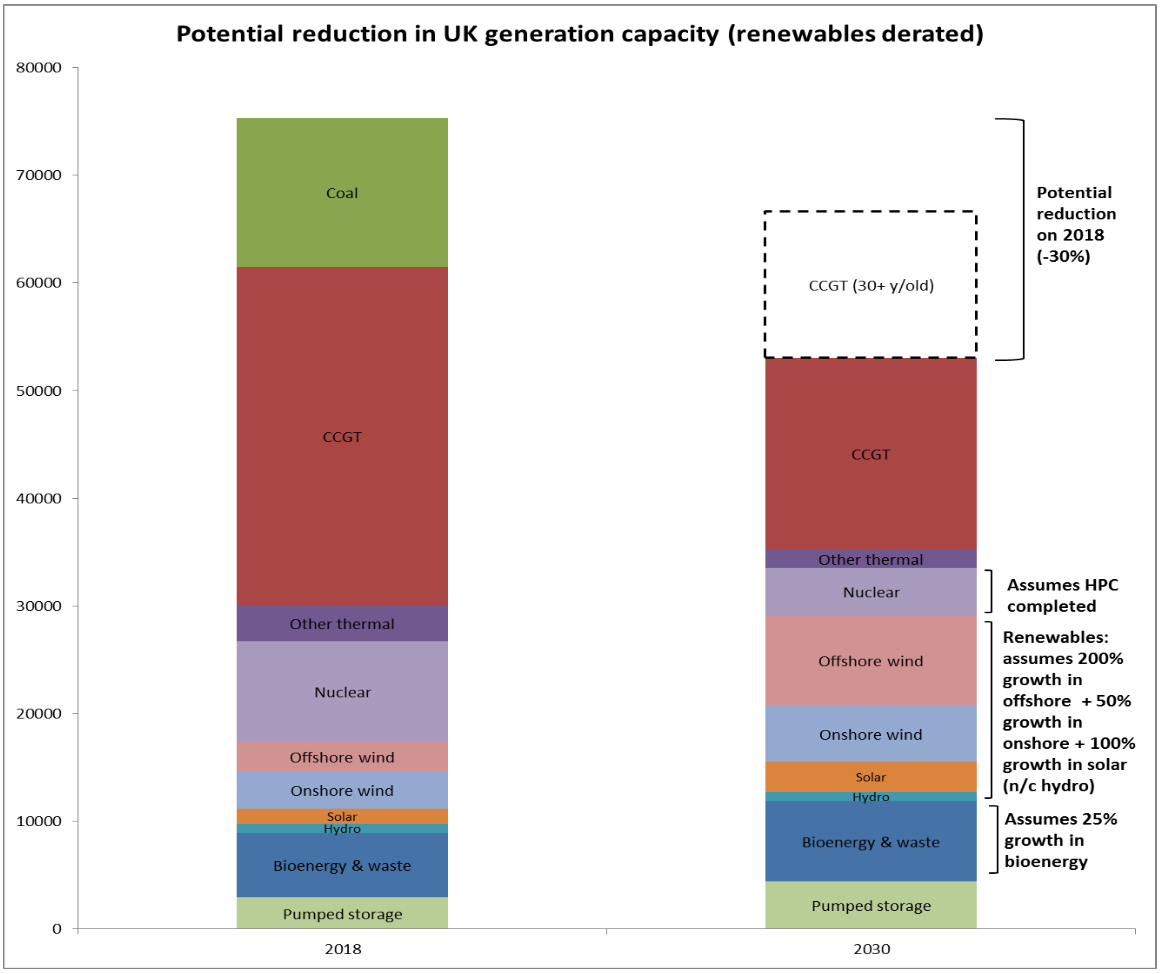
During the operational phase, the new build programme has the potential to generate around 34,000 high skilled jobs and up to £6 billion per year for UK plc. If government took a 50% stake in the whole programme, this would generate £1.35 in tax revenue gains for every £1 spent. It could also result in strike prices 13% lower than the average achieved by offshore wind in 2017 and 42% lower than the strike price agreed for Hinkley.

Nuclear's potential contribution to resolving the UK energy trilemma

Potential losses in generation capacity by 2030

The UK could see a 30% reduction in generation capacity by 2030 even with a strong growth in renewables and the completion of HPC because of:

- the planned closure of the UK's remaining coal plant
- the decommissioning of most of the UK's existing nuclear capacity, and
- the potential closure of a significant proportion of existing Combined Cycle Gas Turbines capacity – more than 40% of current CCGT capacity will be more than 30 years old in 2030, beyond the normal lifespan of this type of plant).[1]



This reduction in capacity will necessitate a heavy and growing reliance on imports to meet supply requirements and could lead to a serious supply shortfall during peak demand periods.

These changes in the composition of the UK's generation mix illustrate two key features of the UK energy transition each of which are historically unprecedented:

- a heavy reliance on non-despatchable generation and
- a growing reliance on non-domestic generation sources.

The inherent risks of each are greatly compounded by trying to do both simultaneously.

Why low wind and high demand could create serious system stress during the winter peak period by 2030

As a result of the changes in the capacity mix outlined above, the UK electricity system is likely to be exposed to significant new systemic risks by the end of the next decade. The two biggest risk factors are:

- The growing proportion of capacity that is comprised of variable renewables (potentially rising from 10% in 2018 to 35% by 2030).[2] This leaves available output increasingly vulnerable to changes in weather conditions. During winter peak periods (typically early evening), a lack of wind would leave renewables unable to contribute significantly to meeting demand. Aurora Energy Research (AER) calculated that there is a 60% probability of low wind availability during the very highest demand periods in the UK.[3]
- A growing reliance on imports to meet peak demand. There is a significant and growing risk of under- or non-delivery of power during a UK peak demand period, especially as the share of variable renewable capacity grows in neighbouring markets (see more below).

The following section models a variety of increasingly severe low-wind/high-demand scenarios and examines how the UK's electricity system might cope in 2030.

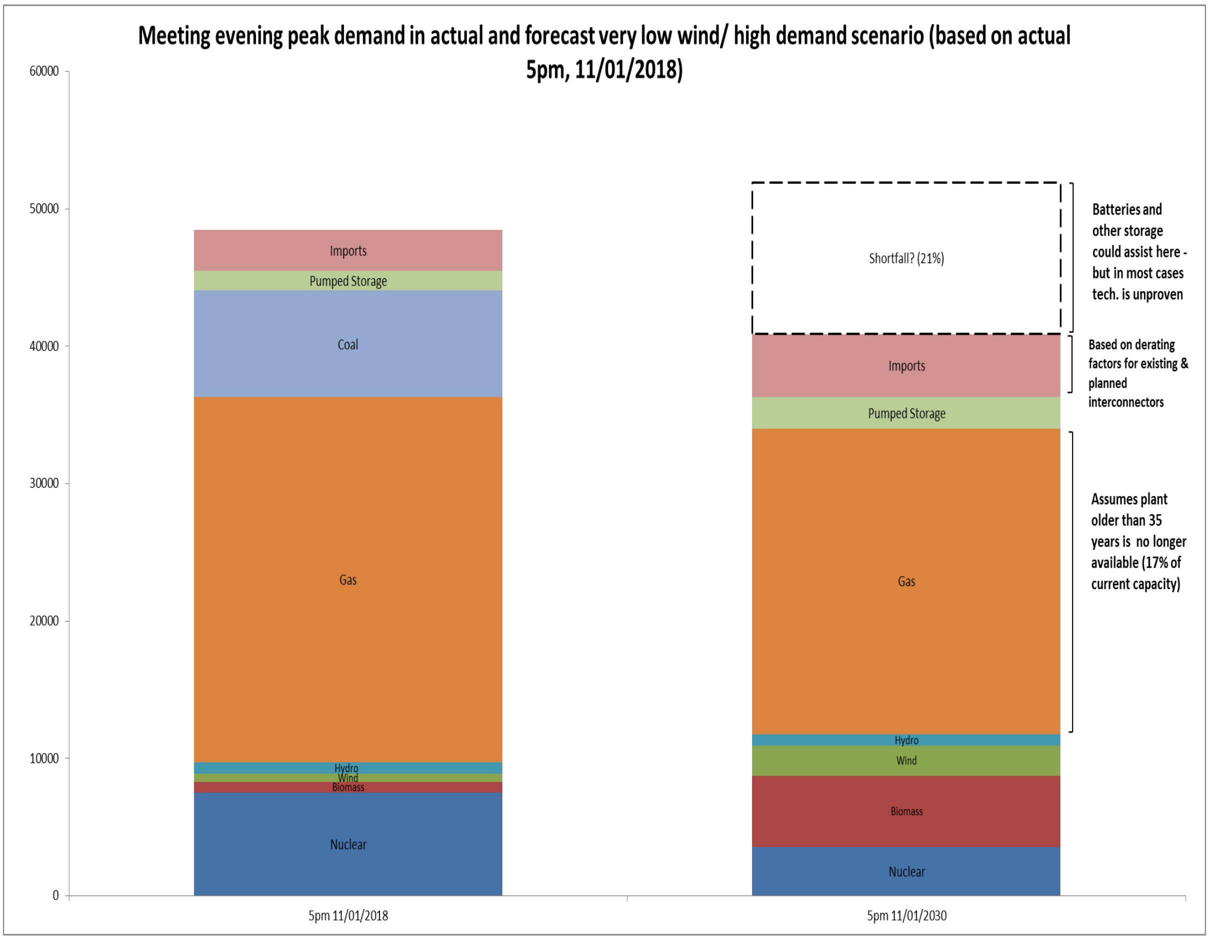
	Demand	Wind output	Historical frequency (peak periods)
Scenario 1	5%+ above normal	50%+ below average	6.5% (~3x per week)[4]
Scenario 2	5%+ above normal	75%+ below average	2.5% (~5x per month)
Scenario 3	10%+ above normal	50%+ below average	2% (~1x per week)
Scenario 4	10%+ above normal	75%+ below average	0.7% (~1x per fortnight)
Scenario 5 ('Jan 11 2018')	8% above normal	85% below average	0.4% (~1x per 5 weeks)

The modelling exercise takes each of these demand/wind scenarios, factors in the potential changes in capacity outlined earlier and makes some assumptions about the availability of imported electricity.

Essentially, this exercise assumes high renewables growth in France and increased carbon price convergence between the UK and key interconnected markets by 2030. These factors are discussed in more detail below.

Please note that these models are not intended to cover the full range of possible system outcomes and are somewhat simplistic given the tools and data we have available. They are simply designed to show one plausible negative outcome in order to highlight the significant risks we face.

The chart below attempts to model the most severe of these scenarios (scenario 5). This mirrors weather and demand conditions during an actual historical peak period, 11 January 2018 and shows how the system might cope if these conditions were repeated in winter 2030.[5]



As the chart shows, given the potential changes in the makeup of the UK's energy mix outlined earlier, a low wind/high demand event in January 2030 could result in a 21% shortfall in supply.

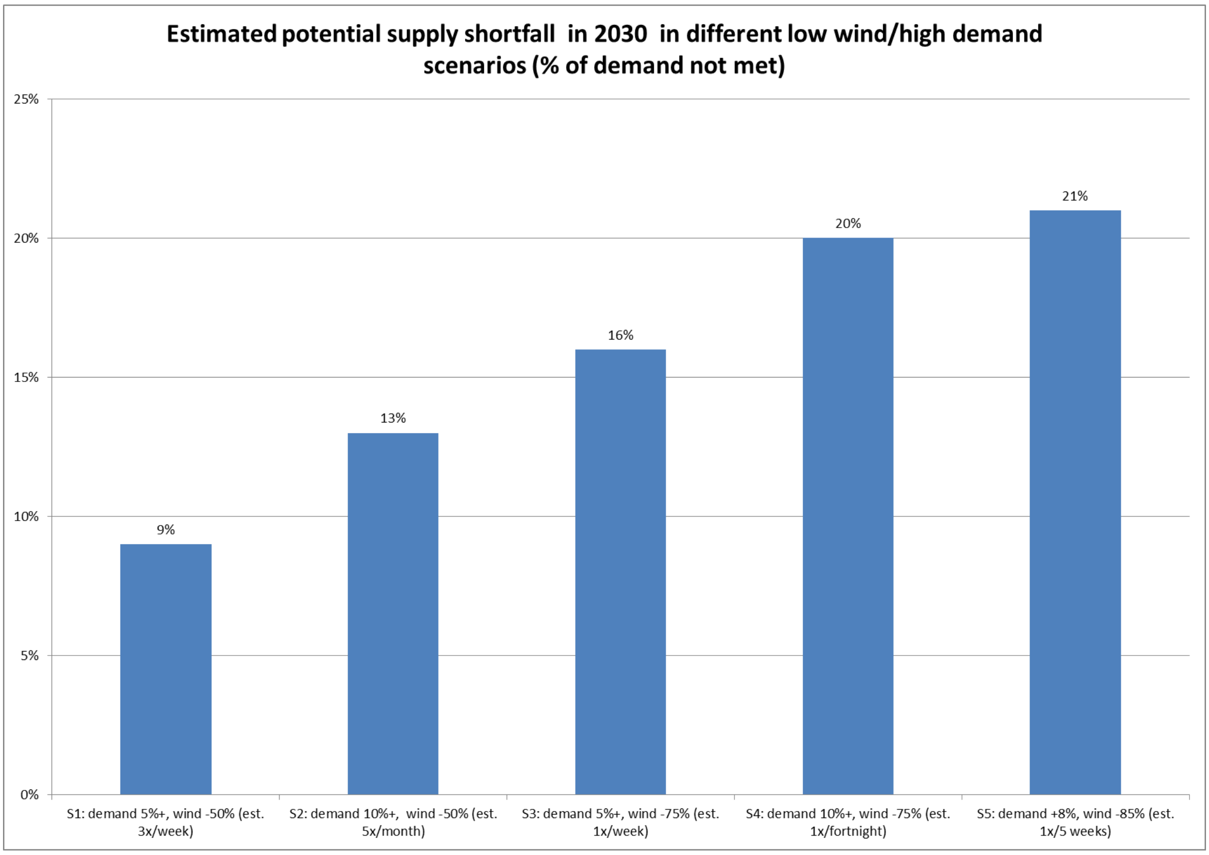
A proportion of this could potentially be met by batteries, other forms of storage or other demand side response (DSR). But much of this technology is at present theoretical and/or unproven at scale and its ultimate viability may not be clear for several years.

Given that a shortfall of this scale would have catastrophic consequences for security of supply, it would be extremely risky to rely on future technological solutions to avoid such an outcome.

The conditions modelled above represent a relatively rare situation – wind levels 85% below average and very high demand.

These conditions occurred during 0.4% of peak hours in the last three winters, which is still roughly once every five weeks.

However, less extreme low wind/high demand scenarios occurred much more frequently and if mirrored in 2030 could still result in shortfalls of between 9% and 20%.[6]



These scenarios outline relatively extreme, although still frequent, system stress events caused by a combination of low wind and high demand.

They suggest that the UK's electricity system in 2030 could become catastrophically vulnerable to sudden shifts in either of these factors if action is not taken.

In fact, analysis of historical grid data suggests that even if wind levels were normal, a surge in demand of 10% or more could produce shortfalls of at least 3%. Surges in demand of this magnitude have occurred during roughly 10% of peak weekday settlement periods over the past three winters, which equates to roughly five times a week.

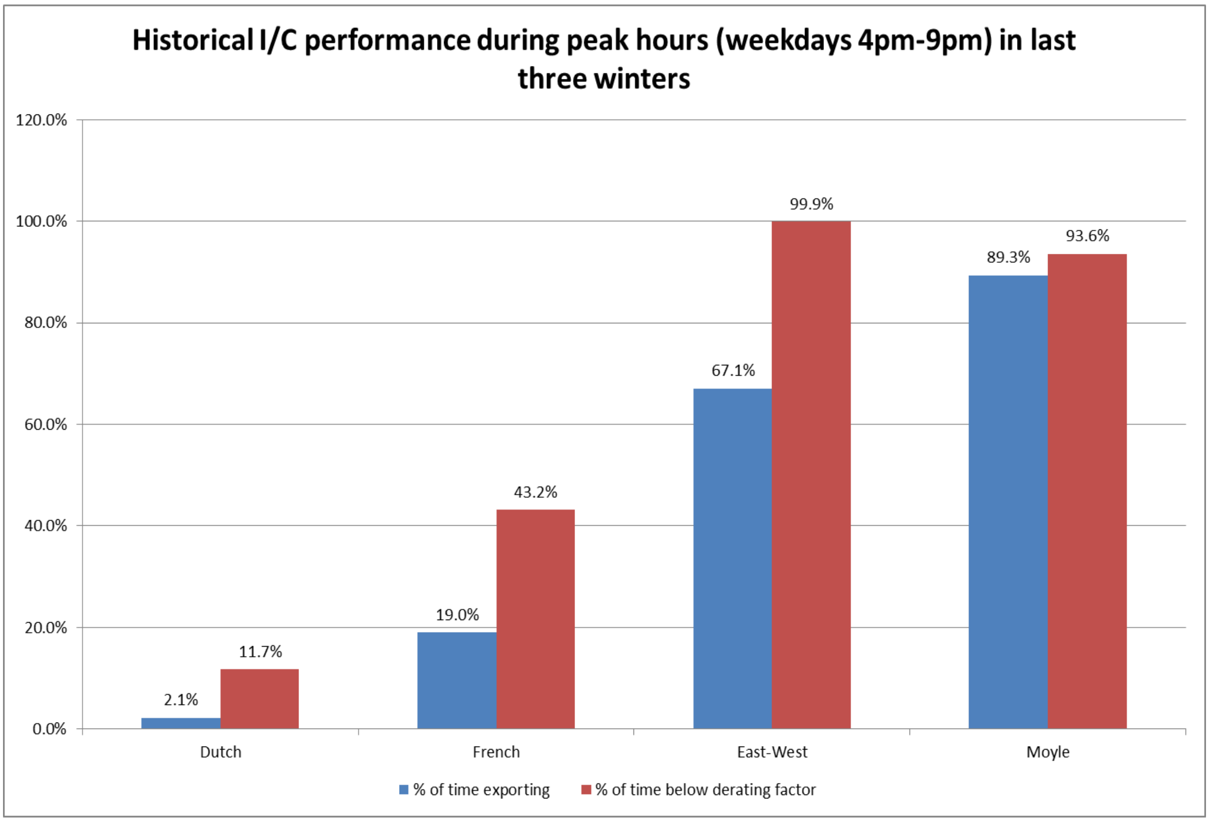
But the potential vulnerability of the future electricity system is not restricted to wind and demand factors and the projections above also attempt to account for the future unreliability of interconnectors.

This unreliability arises because of potential shortcomings in the way interconnector derating factors are currently calculated.

These derating factors, which estimate the proportion of theoretical maximum capacity that will actually be available on average, are developed using a methodology that does not adequately take account of the potential for under- or non-delivery of capacity, especially in peak demand periods.

Firstly, current derating factors downplay the historical availability of existing interconnectors. In particular, they ignore or downplay the extent to which some interconnectors frequently export power at peak times.

The chart below shows the performance of existing interconnectors during weekday peak periods over the past three winters.



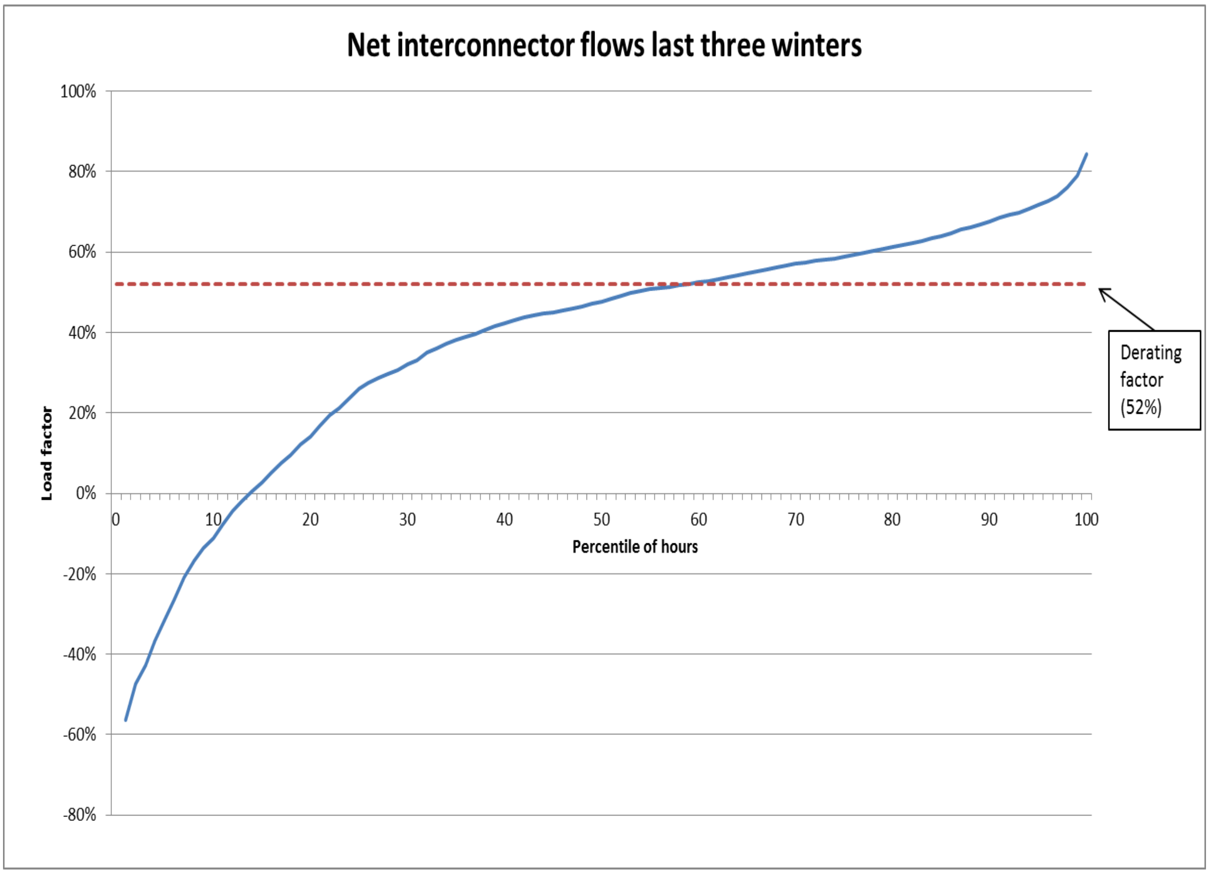
It compares the actual performance of interconnectors with the derating factors announced in July 2018 that would be used in the next capacity market auction. It shows the proportion of time they were below those derating factors (red bars) and the proportion of time they were actually exporting power (blue bars).

The two Irish interconnectors (East-West and Moyle, 500MW each) very rarely make any positive contribution to UK security of supply and usually act to increase demand at peak times.

While the French interconnector (2GW) is more reliable, it is still exporting power during roughly 20% of peak hours and is frequently below its derating factor.

The compound effect is even more concerning (chart below). Net interconnector flows have been negative in just under 14% of peak hours over the past three winters, ie exports have outweighed imports, which has added significantly to UK demand (1GW on average).

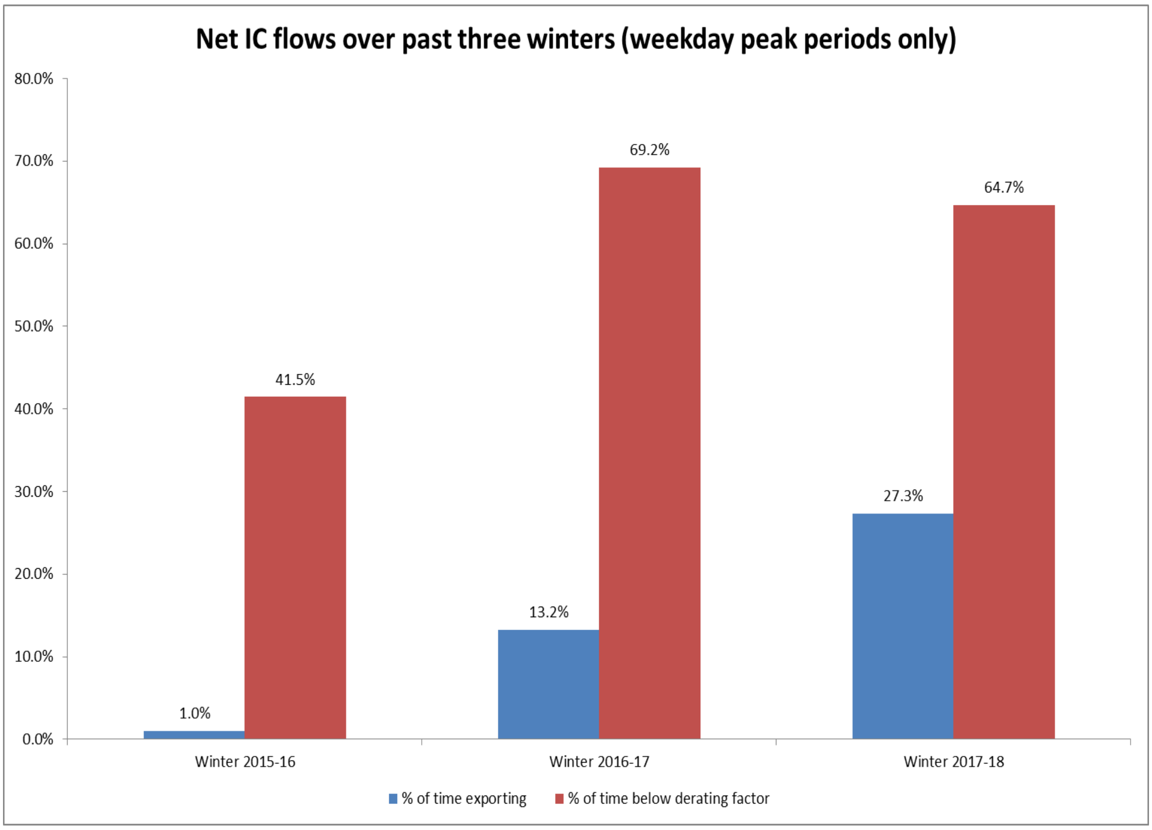
As the chart below demonstrates, this problem is getting worse. In winter 2015-16, net interconnector flows were negative in only 1% of peak settlement periods; this grew to more than 27% of peak settlement periods in the most recent winter period.



Similarly, in the most recent winter, net interconnector flows were below derating factors almost 65% of the time, compared with just over 40% of the time in winter 2015-16 (although this metric slightly improved in winter 2017-18).

The amount of power being exported when interconnector flows are negative has also grown. Average net exports were around 870MW in winter 2015-16, but rose to 1.2GW in 2017-18.

In short, interconnectors have exported more power more often during peak periods over the last three winters. Current derating factors do not make a proper allowance for this.

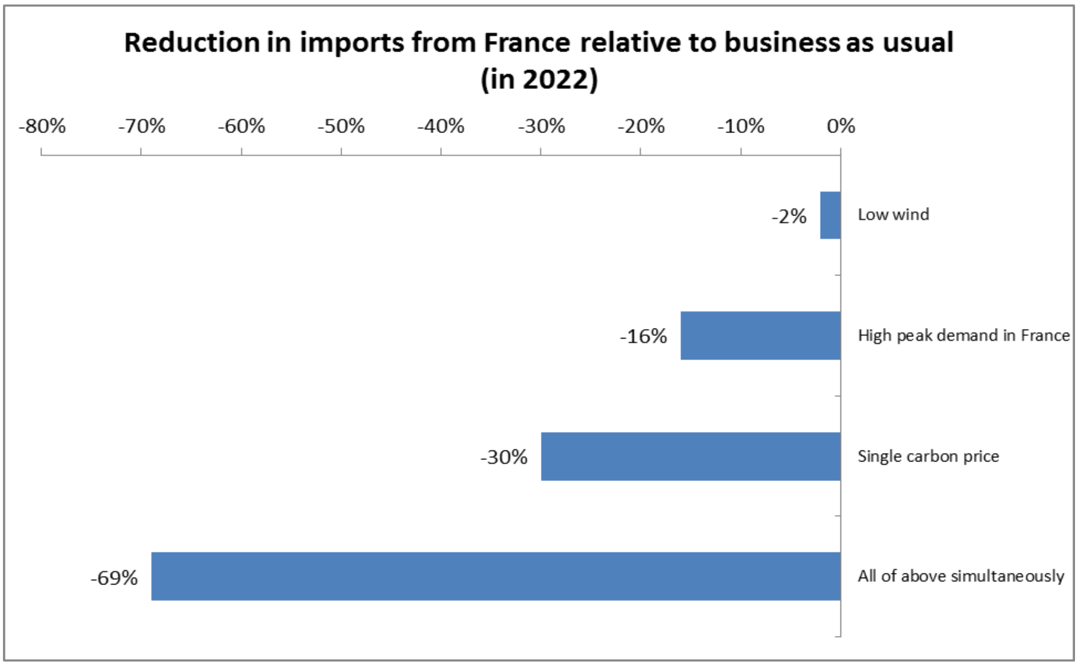


As well as ignoring the historical record on interconnector performance, current derating factors also downplay the long-term trends towards technological and policy convergence as European states decarbonise.

Greater harmonisation of carbon pricing across Europe, for example, could by itself have a dramatic impact on interconnector availability.

Aurora Energy Research estimates that greater carbon price harmonisation by 2022 could cut average imports from France by 30%.

Coupled with low wind and higher than usual demand in France, this could rise to almost a 70% reduction because of the mutually reinforcing impact of some of these individual factors.[7]



Current derating factors also place too little weight on relatively rare, but potentially very serious, system stress events.

France usually exports power in the winter. But prolonged cold weather in Europe in the winter of 2016-17 (and hence higher demand) and a shutdown of around 30% of France's nuclear reactors for emergency inspections led to France becoming a net importer.

If that scenario was repeated in 2030, AER estimates that UK power prices could spike to close to £3,000/MWh and this still wouldn't prevent interconnectors exporting to France.[8]

Some attempt to adjust interconnector output to account for these risks has been made in the modelling exercise above.

It is assumed that France (a key source of power imports) has invested heavily in renewables by 2030, in line with current French aspirations, and that this has greatly reduced the availability of French imports.

AER has estimated that a high level of renewables deployment in France could reduce French interconnector load factors by 67%.[9] The modelling above adjusts imports from France in line with this.

As mentioned, carbon price convergence is another key risk for interconnector availability.

At present, the UK's carbon price floor mechanism, which 'tops up' the EU carbon price, helps to elevate prices relative to European neighbours (thus incentivising imports of power).

But the government has frozen the UK's carbon price support mechanism and the Department for Business, Energy and Industrial Strategy currently anticipates that the gap between UK and EU carbon prices will virtually disappear by 2030.[10]

AER estimates that carbon price convergence could cause significant reductions in interconnector availability (by eroding the price differentials that interconnectors rely on to make money). The modelling above attempts to make some allowance for this. [11]

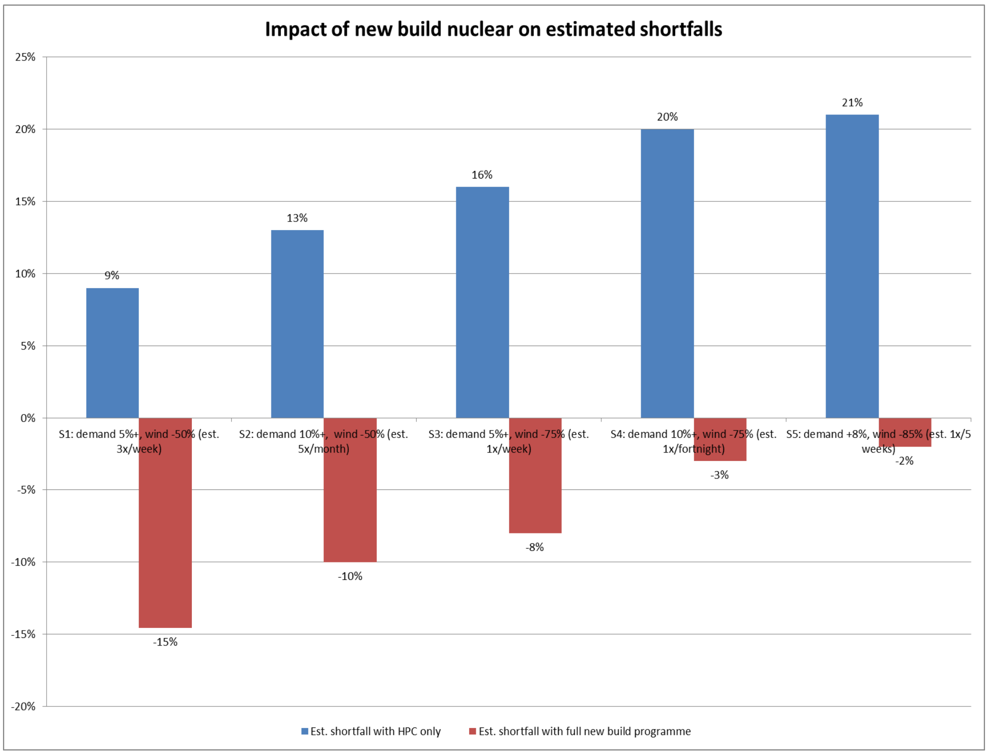
How new nuclear could close or reduce the gap in winter

If the kind of supply shortfalls outlined above were to materialise, it would probably represent the biggest energy policy failure in modern UK history.

In reality, it is likely that steps will be taken to mitigate the risk of such a disastrous outcome. However, the closer we get to 2030, the more likely it is that the only realistic way of ensuring security of supply will be by building more CCGT gas plant. This would result in a significant stalling of decarbonisation and probably higher costs for consumers too.

But if the new build nuclear programme was completed as originally planned, the potential for large supply shortfalls would be eliminated and transformed into significant surpluses that could supplant fossil gas or imports[12] (see chart below).

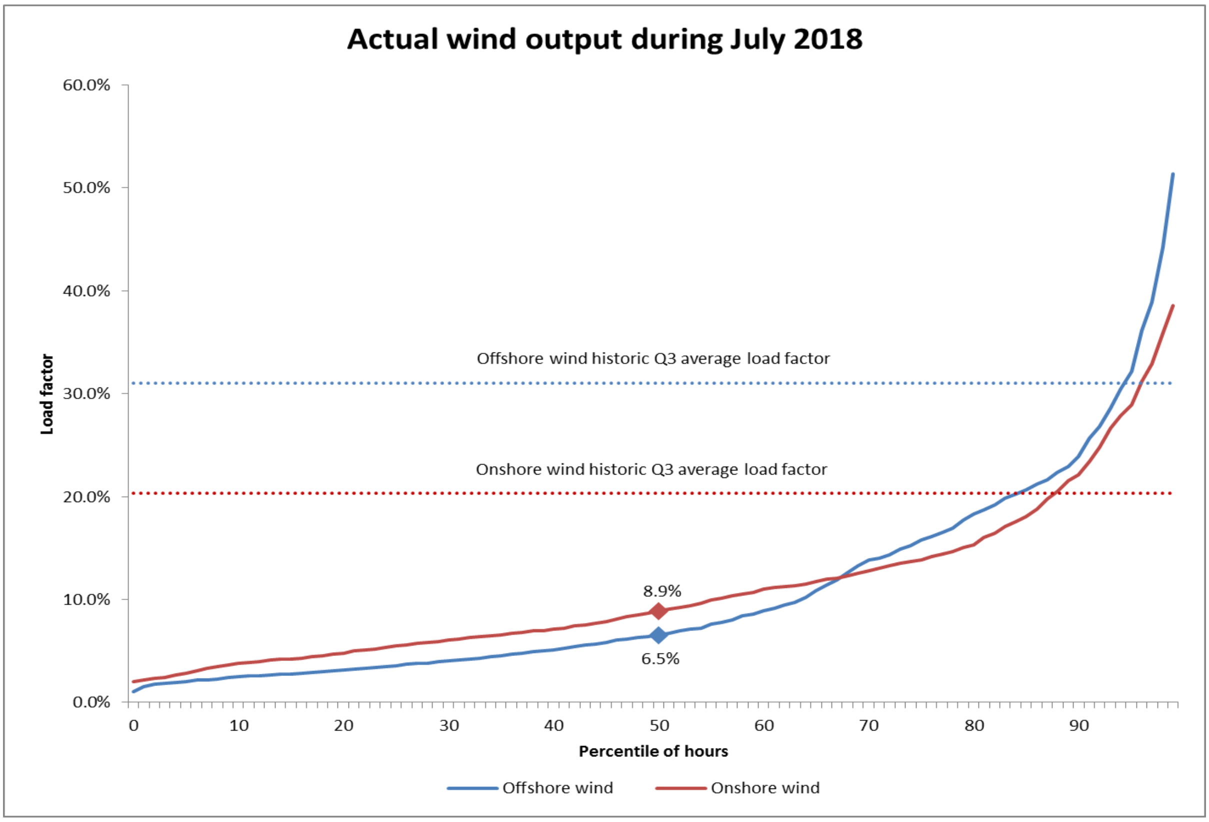
This could be achieved without increasing carbon emissions while also creating tens of thousands of skilled jobs and delivering significant economic benefits for local communities.



System risks during the summer months – coping with sustained wind lulls

Wind output is typically lower during the summer months than during the rest of the year. But in July 2018, wind levels were especially low for almost the entire month.

Median load factors for onshore wind of 8.9% and offshore wind of 6.5% were well below historical Q3 average load factors (see chart).[13]



As the UK electricity system comes to rely more heavily on variable renewables, extended periods of unfavourable weather conditions, such as low wind, pose significant challenges.

At present, demand in summer peak periods is significantly lower than in the winter. So even with forecast reductions in despatchable generation by 2030, there would theoretically still be capacity available to compensate if weather patterns like those in July 2018 were repeated.

But the major caveat is whether the economics of gas generation in 2030 would stack up sufficiently to allow the UK to maintain enough backup gas capacity.

High renewables penetration has already severely eroded profit margins in conventional generation and many plants would have already closed without mechanisms like the capacity market.

Anticipated higher carbon prices in 2030 would likely exacerbate this. Without new nuclear, market intervention via a mechanism akin to a ‘summer capacity market’ may have to be developed to preserve enough gas capacity to cope during wind lulls.

Energy prices and decarbonisation may be jeopardised if we are forced to rely on large amounts of gas generation to maintain supply in the summer peak periods, as we did in summer 2018.

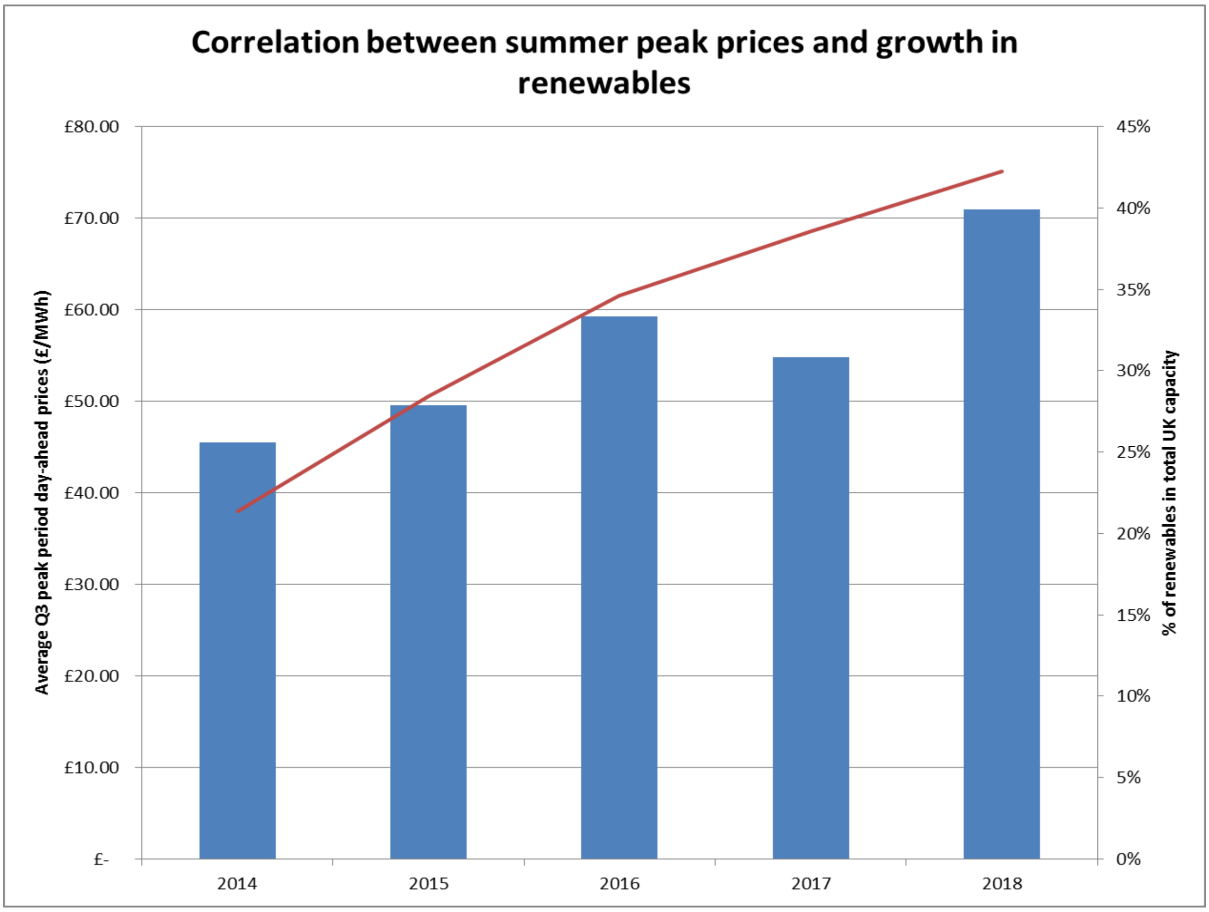
During July 2018, gas generation typically provided more than half of our electricity in order to compensate for the sustained low wind levels.

The Committee on Climate Change calculates that we need to limit fossil gas generation to no more than 25% of total output by 2030 in order to comply with the fifth carbon budget.

The increasing reliance on variable renewables and a corresponding heavy reliance on gas to compensate, has an impact on prices.

Average day-ahead peak period electricity prices were 43% and 47% higher in July and August 2018 respectively than the average in the previous five years.

Peak summer energy prices have risen steadily since 2013 as the proportion of renewable capacity has grown (see chart below).[14]



Completing the new build programme would largely alleviate these problems. The low marginal cost of nuclear power would allow it to provide a large amount of reliable backup power without elevating carbon emissions during extended periods of unfavourable weather.

While a range of new storage technologies could be available by 2030, there is currently no proven way to store large amounts of power affordably for weeks at a time.

Forgoing the certainty of low-carbon nuclear for the possibility of a future alternative technological solution would be extremely risky and could have profound consequences for UK energy security if no such solution emerges.

The economic case for new nuclear

Current impact of nuclear generation

In addition to the important role that nuclear new build could play in resolving the UK's energy trilemma, nuclear power already makes a significant contribution to the UK economy as a whole – and could do so to an even greater extent if the new build programme was completed.

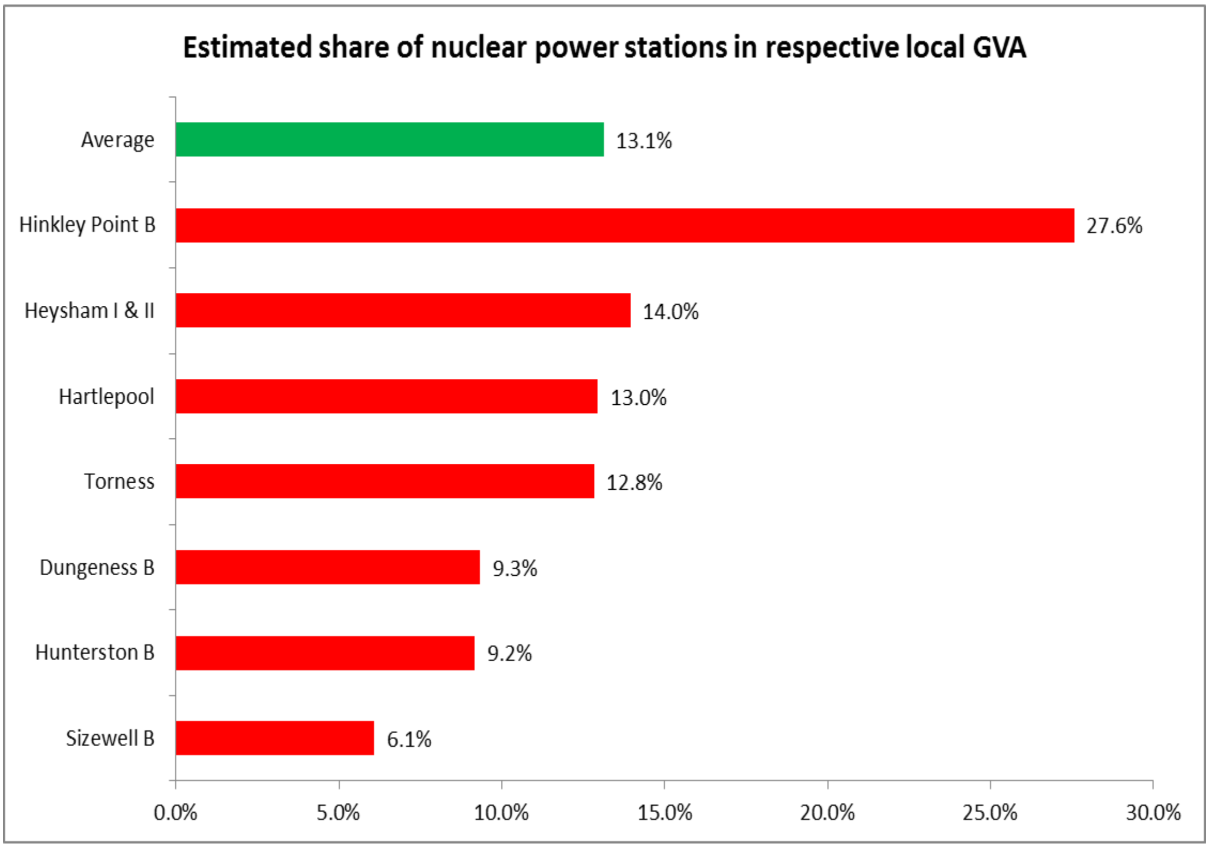
The economic benefits of nuclear are especially concentrated in the economically marginal communities where nuclear plants are typically located.

As the chart below shows, on average EDF's existing fleet of nuclear power stations are each contributing around 13% of local gross value added (GVA). Plants in particularly economically marginal areas, such as Hinkley Point B, contribute close to 30% of local GVA.[15]

This means that on average, nuclear power plants generate £1 out of every £8 of economic value in their local economies.

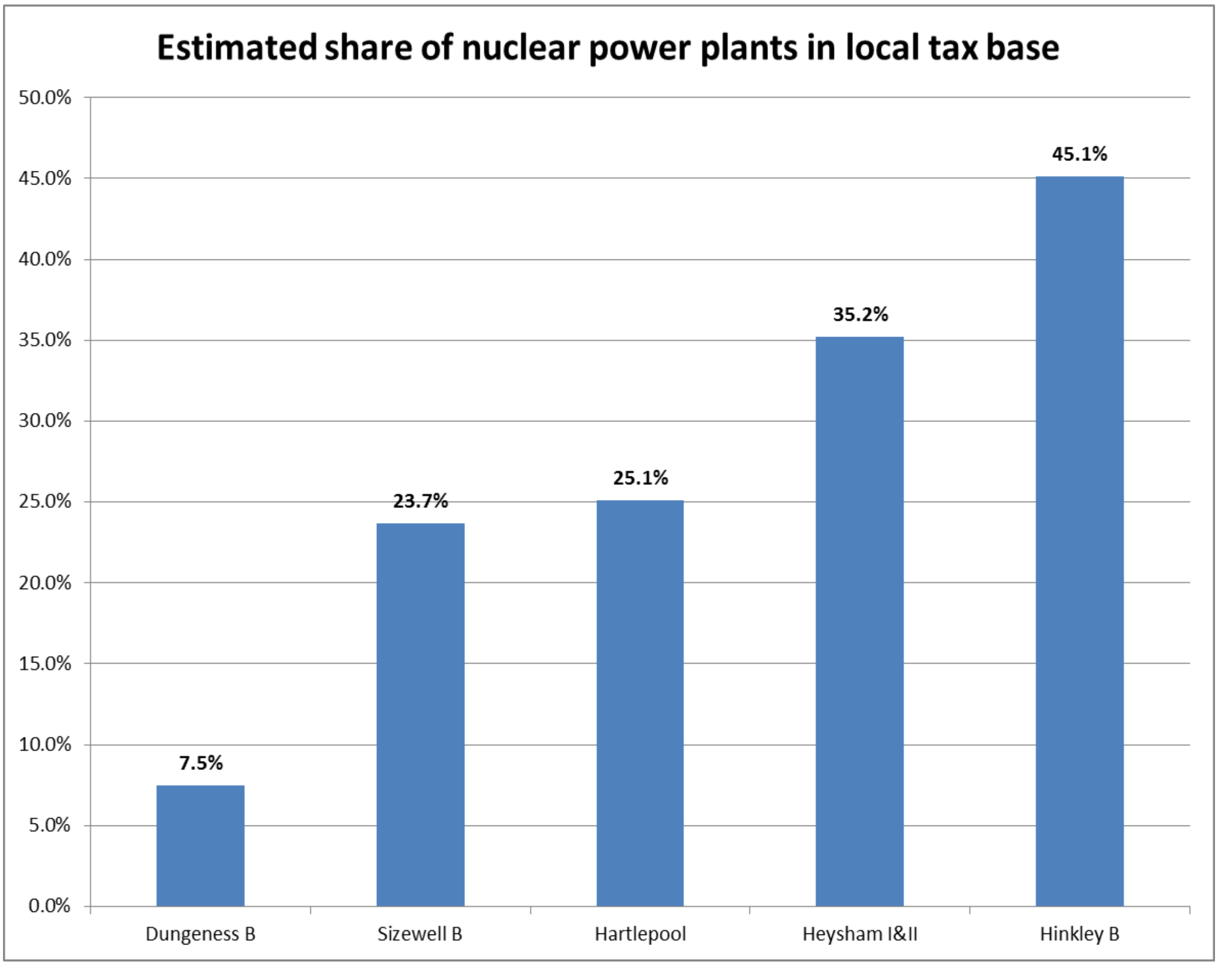
Although the figures shown are significant, they understate the true impact of these plants because they don't take account of 'induced' economic effects (ie the impact on the local economy of plant employees spending their wages) or any 'indirect' effects (ie local supply chain activities).[16]

In combination, the full impact of nuclear generating plant, especially in the most marginal economic environments like West Somerset, is likely to be critical to the local economy.



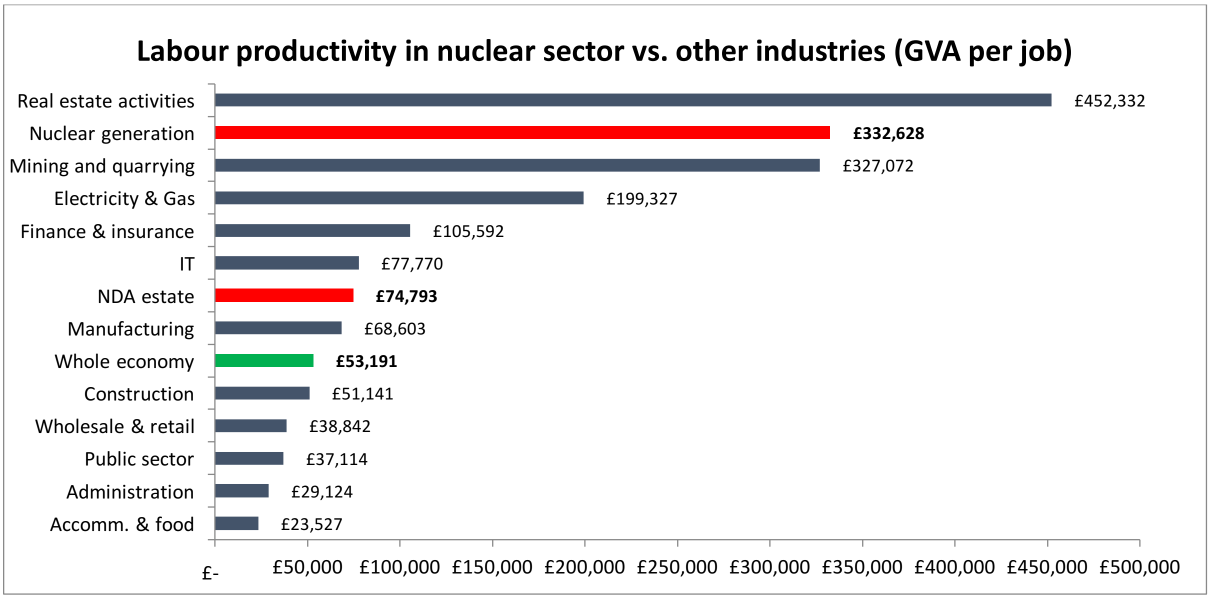
As well as the broader positive economic benefit of nuclear in the local economy, they are also a critical part of local authority business tax bases.

The six plants in England contribute between 7.5% and 45% of business taxes (see chart below), and provide a significant proportion of council revenues. This is particularly important in a time of sustained austerity and cuts to central government grants.[17]



Productivity benefits of the nuclear industry

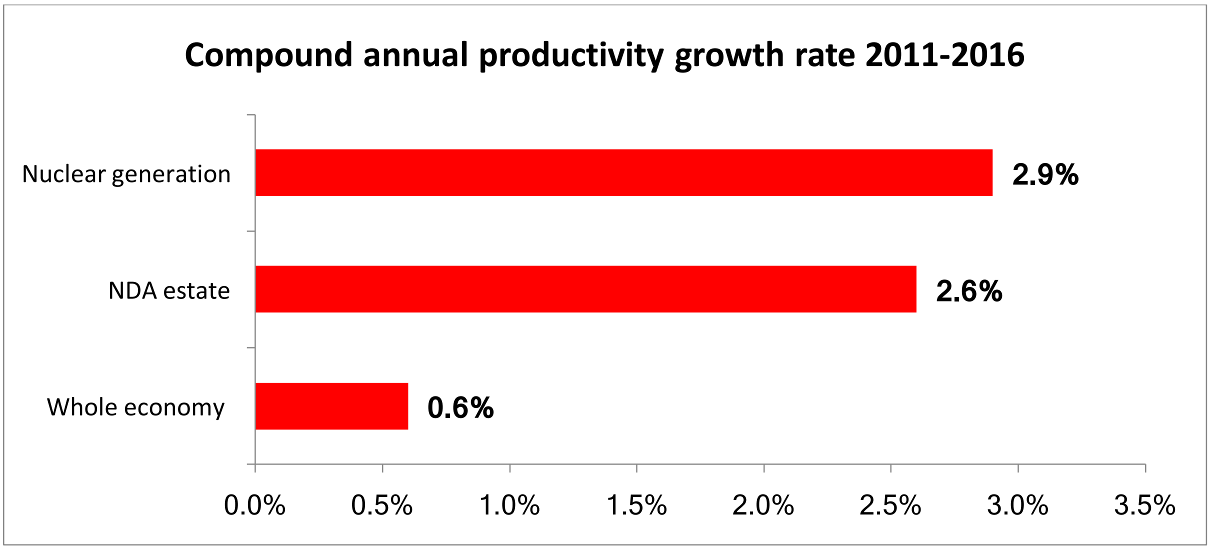
The UK nuclear industry is highly productive. GVA per job in nuclear generation is more than six times higher than the whole economy average. Productivity across the Nuclear Decommissioning Authority estate is around 40% higher than the average.[18]



Productivity growth has also remained strong in the nuclear sector, especially compared to the UK economy as a whole which has been plagued with low productivity since the financial crisis (see chart below).

Average annual growth in productivity in nuclear generation was almost five times higher than the national average between 2011 and 2016. In decommissioning, (the NDA estate), productivity growth was more than four times higher.

A shift towards greater employment in high productivity sectors like nuclear will be central to solving the UK's productivity puzzle. Delivering the new build programme, and the jobs that go with it, could make an important contribution to this effort.



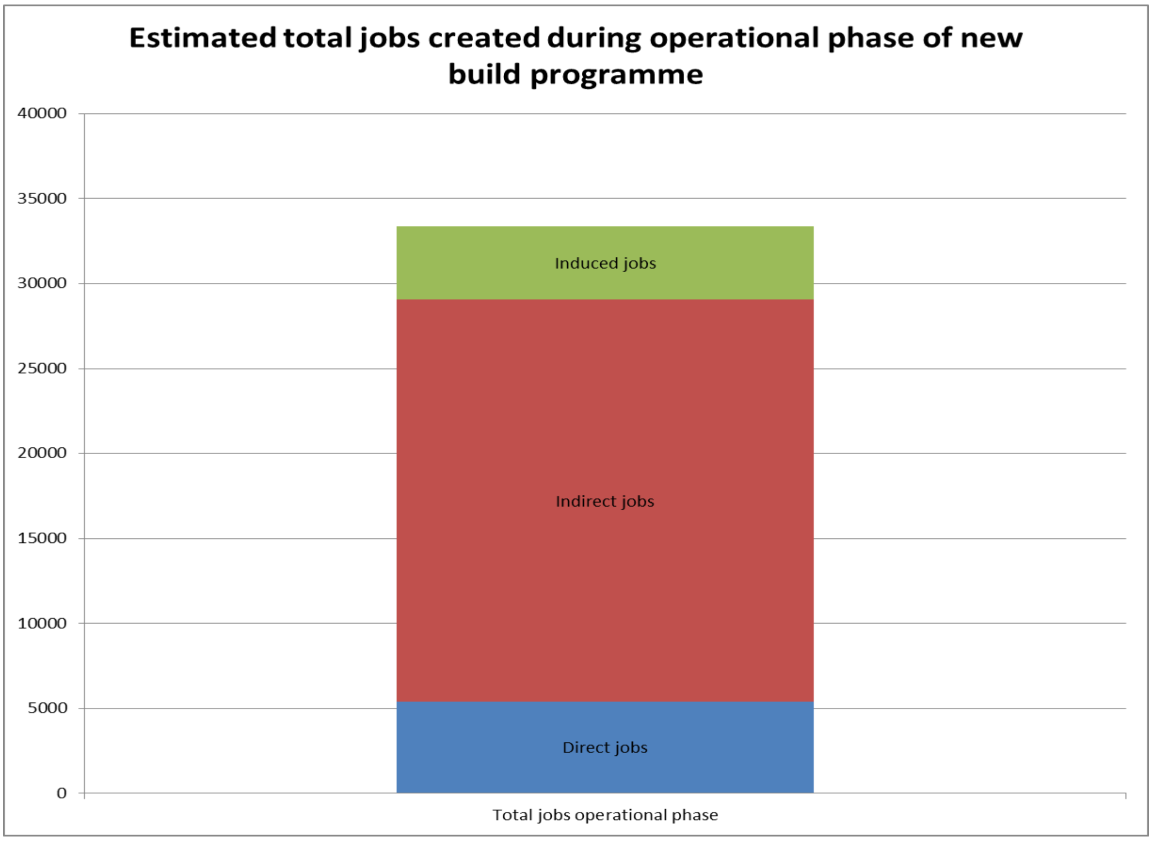
Estimates of jobs created and GVA for new build programme during operational phase

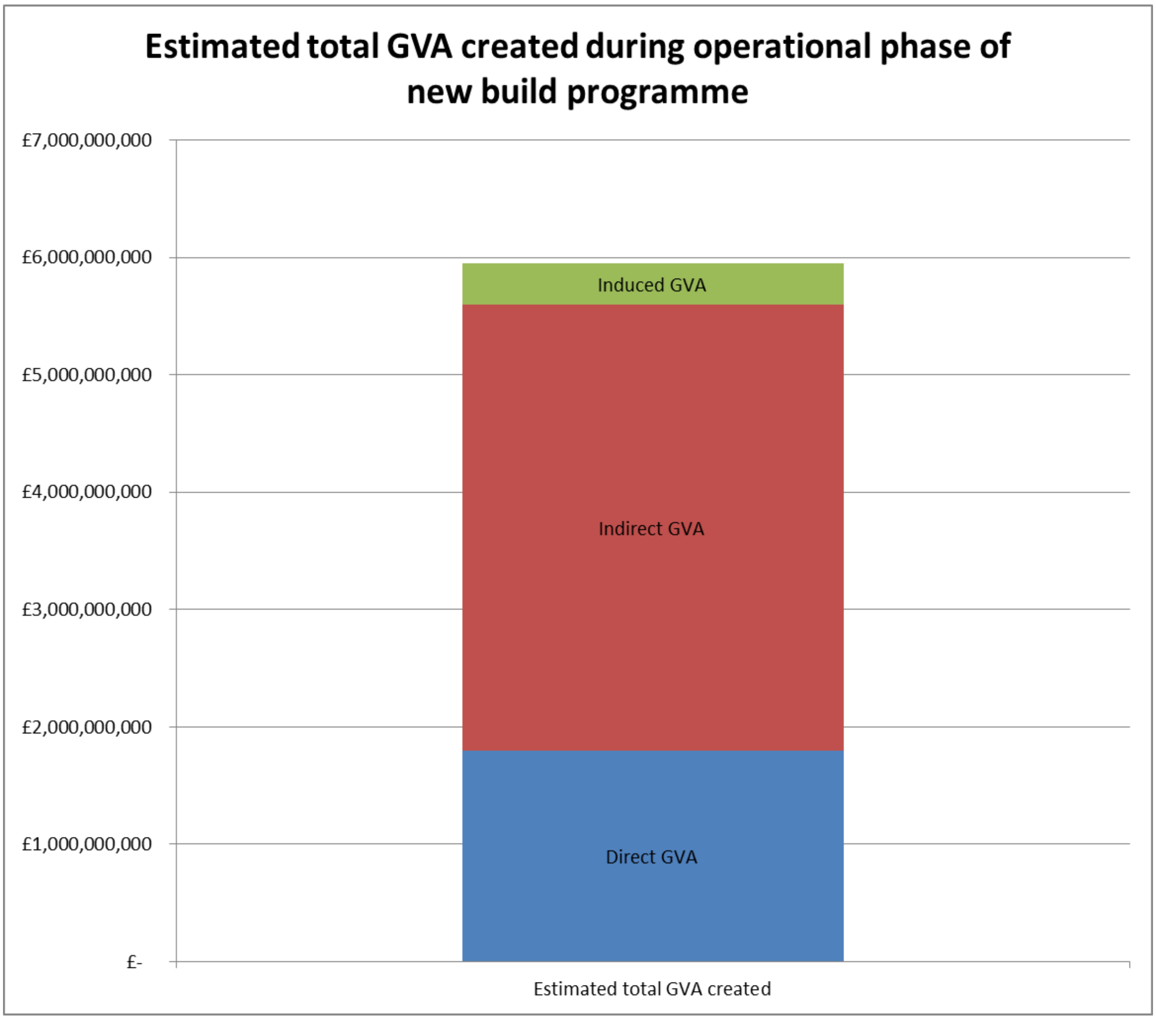
As the existing nuclear fleet demonstrates, nuclear generation makes a crucial contribution to the UK economy.

During the construction phase, the new build programme will create tens of thousands of jobs and billions of pounds in economic value. The precise numbers are difficult to quantify partly because of uncertainties about the construction process.

But economic and employment benefits during the operational phase are easier to assess. If completed in full, the new build programme could create more than 33,000 jobs and generate around £6bn a year for UK plc (see charts below).

These figures include the direct impacts of the plants themselves, the impact on the supply chain and wider 'induced' effects in the broader economy (from workers spending their wages etc).[19]


Estimated total jobs created during operational phase of new build programme
40000
35000
30000
25000
20000
15000
10000
5000
0
Induced jobs
Indirect jobs
Direct jobs
Total jobs operational phase


Estimated total GVA created during operational phase of new build programme
£7,000,000,000
£6,000,000,000
£5,000,000,000
£4,000,000,000
£3,000,000,000
£2,000,000,000
£1,000,000,000
£-
Induced GVA
Indirect GVA
Direct GVA
Estimated total GVA created

Estimating returns on a public investment in nuclear

The biggest single obstacle to the realisation of the new build programme is cost. The chosen formula for funding Hinkley Point C, driven by political imperatives, was the most expensive option available.[20]

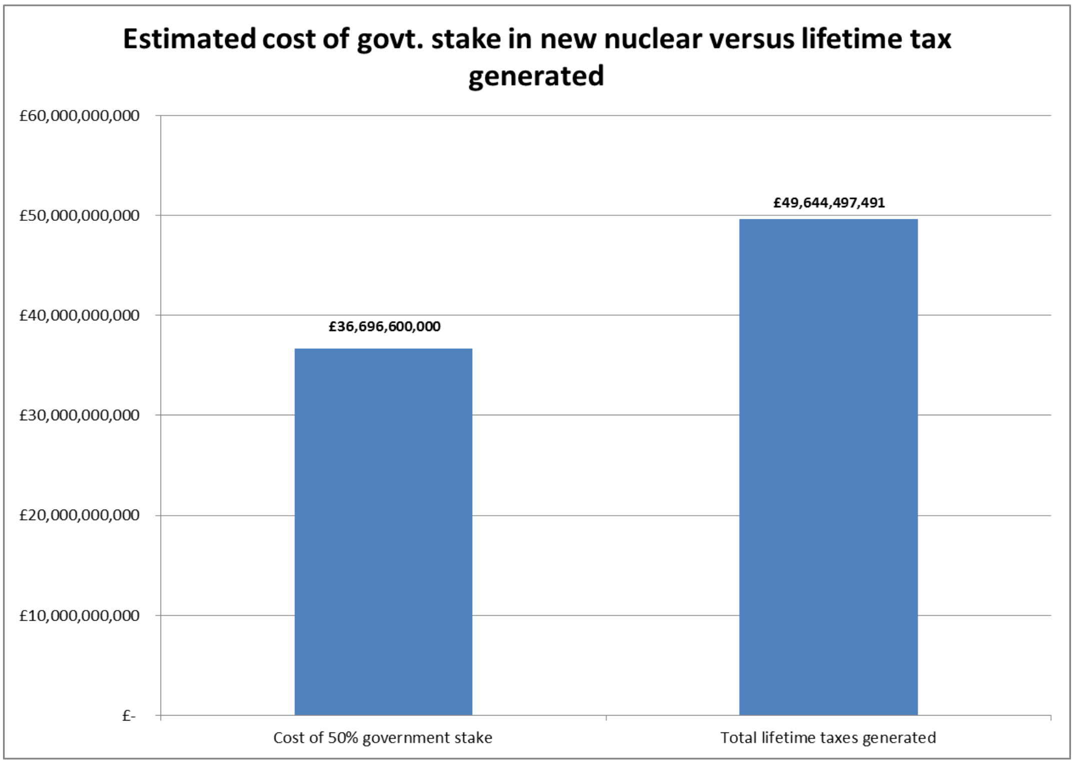
However, this needn't be the case and there are opportunities to substantially reduce costs and deliver cheaper outcomes for taxpayers and consumers.

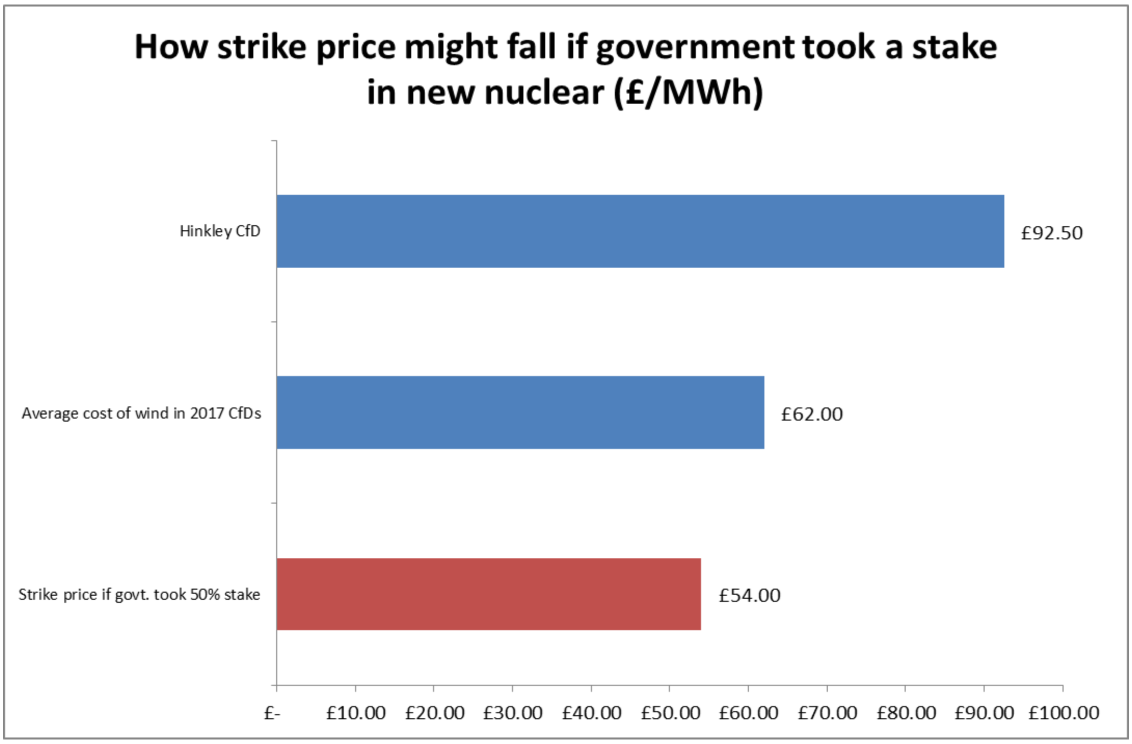
A recent MIT study demonstrated that overnight construction costs[21] for nuclear projects could be reduced by 25% – primarily by using advanced modular construction techniques and overhauling project management methods.[22]

The National Audit Office has calculated that strike prices would fall substantially if the government took a stake in new nuclear projects.

Every £1 of public investment could generate £1.35 in tax revenues for the public purse over the lifespan of the plants if the MIT recommendations were implemented and if government chose to take a 50% stake in the new build programme.

At the same time, the strike prices for the electricity generated from these plants could be 13% lower than those achieved by offshore wind in the 2017 contract for difference (CfD) auction and 42% lower than the strike price agreed in the Hinkley CfD.[23]





Significant public investment in nuclear new build could generate tens of thousands of high-value, high-productivity jobs and billions of pounds of economic value for UK plc. This in turn would generate substantial tax revenues for the public purse.

At the same time, the secure, low-carbon electricity these plants would produce would allow the UK to meet its carbon targets and avoid dependency on intermittent and unreliable energy sources.

References

1 This forecast is sensitive to pace of new renewables investment, the successful completion of the HPC project and decisions about ageing CCGT plant. If renewables investment is lower than forecast and HPC is delayed, the capacity reduction could be much greater. Note that renewables capacity in the accompanying chart is shown after derating – ie after theoretical maximum capacity has been adjusted for actual average output.

2 This calculation, as with the capacity chart above, accounts for renewables after derating factors have been applied.

3 AER, 'Energy Security in an Interconnected Europe', May 2018

http://bit.ly/aer-interconnected-europe

4 Frequency is based on the number of settlement periods in which demand is not met in each scenario. Settlement periods are the thirty minute segments into which each day is split for electricity trading and balancing purposes. The following projections are based on analysis of peak periods only (weekdays, 4pm-9pm), during which there are eight settlement periods. A 2% frequency, for example, means there is roughly one week day peak settlement period per week when demand is potentially not met.

5 Data is drawn from Elexon/National Grid, and supplemented with modelling assumptions about future capacity availability. As with the capacity chart above, model assumes 30GW of offshore wind, 100% growth in solar, 50% growth in both onshore wind and biomass plus completion of both HPC and the Coire Glas 1500MW pumped storage project.

6 Chart models various low wind/high demand scenarios using historical generation and demand data and forecasts of available capacity in 2030 as described earlier. It also calculates the % of demand not met after net interconnector flows have been accounted for.

7 AER, 'Interconnected Europe', May 2018: p31

8 AER, 'Interconnected Europe', May 2018: p34-5

9 AER, 'Interconnected Europe', May 2018: p28

10 See BEIS, 'Updated energy and emissions projections 2017' Annex M

http://bit.ly/beis-projections

11 This is based on AER's estimates of the impact of carbon price convergence in France, Ireland and the Benelux countries by 2022 (-30% for France, -193% for Ireland, -42% for Benelux). This may change further by 2030 but no reliable forecasts are available.

12 The full new build programme is taken to be HPC, Moorside, Wylfa, Oldbury, Sizewell C, and Bradwell B, with a collective nameplate capacity of 17.4GW.

13 Data is calculated from Elexon output data, and BEIS load factor figures. 'Historical average' is 2015-2017 Q3 average

14 Figures are calculated from NordPool historic price data and for 2018 only include the period between 1 July and 5 September.

15 These figures give the estimated share of each plant in total company GVA (calculated based on the proportion of the total workforce at each plant) expressed as a proportion of the relevant local authority GVA (taken from ONS estimates of GVA per local authority).

16 Induced effects are difficult to determine precisely without better data on where employees actually live – some may live (and spend their wages) outside of the local area where the plant is located. Similarly, supply chain effects are difficult to quantify in the absence of data on the geographical spread of supply chain spending.

17 The figures in the chart are calculated from publicly available data on business rate accounts in the relevant local authorities. No data was available for the Scottish plants (Hunterston B and Torness).

18 The figures in these two charts compare ONS figures for GVA per job with my calculations of GVA per job at EDF nuclear and the companies in the NDA estate.

19 These figures have been calculated using ONS and Scottish Government 'multiplier effects' for employment and GVA for the electricity industry. Direct GVA has been calculated based on current GVA per worker in nuclear generation and workforce estimates during the operational phase of the new build programme. As mentioned above, the full new build programme is assumed to be Hinkley B, Moorside, Wylfa, Oldbury, Sizewell C, and Bradwell B.

20 See NAO report on HPC http://bit.ly/nao-hinkley

21 Overnight construction costs calculate total cost of constructing a plant without factoring in the cost of capital (ie as if the plant were built overnight)

22 MIT, The Future of Nuclear in a Carbon Constrained World, 2018: p55

http://bit.ly/mit-carbon-constrained

23 Cost of government stake is based on half the cost of building a 17.4GW new build programme at a cost of £4,218 /kW (this is after factoring in MIT recommendations for cost reductions). Total taxes are calculated as a percentage of GVA generated per year over 60-year life of plants, based on ONS figures for effective tax rates across economy as a whole. Strike price is midpoint of NAO estimate range if government had taken a 50% equity stake in HPC.

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For the Attention of the Economy, Trade and Rural Affairs Committee

I am Ivan Baldwin; I lead Business Development for Bechtel's Nuclear Power business for the UK and Europe. Bechtel is a privately owned company that has been delivering nuclear power plants since the 1950s and has operated in the UK for over 70 years. We worked with customers to build the first nuclear plants in the United States, India, Spain, South Korea, and China and up until the development was ceased in 2020, we were the delivery partner to Horizon on the Wylfa Newydd development in Ynys Môn.

I appreciate the opportunity to provide evidence to the Economy, Trade and Rural Affairs Committee and would like to thank the committee for inviting me to share information on the critical role of nuclear energy in Wales.

In my evidence, I will highlight the importance of nuclear energy to Wales' carbon reduction goals and outline the many regional benefits that new nuclear developments could bring to Wales.

What potential economic impact could new nuclear developments in north Wales have on the regional economy?

New build nuclear projects are valuable contributors to national and regional economies, bringing unprecedented economic benefits and multi-generational opportunities to people in nearby communities.

In the UK, the civil nuclear sector is a vital job creator and economic contributor. More than 77,000 people are directly employed by the nuclear industry and 211,000 jobs are provided in an indirect capacity adding £6.1billion to UK GDP[1]. As was the case when Wylfa and Trawsfynydd were operational in Wales, worldwide, nuclear power plants serve as the economic backbone for communities in which they operate, serving as engines for job

[1] 2023, *Delivering Value: The Economic Impact of the Nuclear Industry,* Nuclear Industry Association

creation. From a regional perspective, construction of a new nuclear plant can provide thousands of well-paying jobs. For example, in the United States, Bechtel recently completed the first new nuclear plant to deliver electricity to the grid in over a generation, through the delivery of two Westinghouse AP1000 reactors at Plant Vogtle, Georgia. At its peak, the Plant Vogtle project provided more than 9,000 construction jobs and is anticipated to provide more than 800 permanent, high paid jobs for decades.

New nuclear power developments in Wales, such as the AP1000 technology, would create highly paid careers for thousands of people, as these are jobs with an average of £102,300 GVA per worker[2].

If supported, deployment of advanced nuclear reactors could be significant drivers of regional economic growth. Wales currently has a substantial opportunity to be a world leader in the development of advanced nuclear and SMRs, a global market which could be worth hundreds of billions of pounds[3].

In the advanced nuclear and SMR market, Bechtel is the engineering and construction partner to the Bill Gates-backed TerraPower, delivering the Natrium Demonstration in Kemmerer, Wyoming USA. Reinvigorating a retiring coal power community, one reactor and energy system, is estimated to produce 2,000 jobs during the peak construction period and will require an additional 250 employees to operate the plant upon its completion. Replacing the former coal plant will drive economic growth back into the region, delivering high-paying jobs and increasing local tax revenues.

U.S. Energy Secretary Jennifer Granholm is quoted as saying:

"The energy communities that have powered us for generations have real opportunities to power our clean energy future through projects just like this one, that provide good-paying jobs and usher in the next wave of nuclear technologies."

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[2] 2023, Jan: *Delivering Final Value Report*, NIA
[3] 2023, *British nuclear revival to move towards energy independence*, Gov.UK

In Wales, the sites of Wylfa and Trawsfynydd are located in rural communities, like Kemmerer. New nuclear, in Wales, through highly paid job creation, skills and training development opportunities would be an economic driver, helping to address regional inequality. The industry's employment is also over indexed in local authorities where labour market participation is currently low and employment growth is predicted to be slow over the next decade. In providing job opportunities where they are most needed, the industry is proven to help reverse regional inequality.[4]

The economic potential for advanced nuclear and SMRs is expected to continue to grow as their smaller scale and standardised designs can lead to cost savings in manufacturing, construction, and maintenance. The modular nature of technology enables phased deployment, reducing upfront capital costs and allowing for incremental capacity expansion based on demand making it an excellent consideration for Wales in addition to proven large-scale reactors.

What can be done to ensure that any new nuclear projects maximise local employment and local or Wales-based supply chains?

At every project, Bechtel seeks to leave a positive and sustainable legacy. This requires making sure that when our work is done, the communities that we serve are better for it. The civil nuclear sector draws upon a vast and complex network of skilled workers and supply chains. Thousands of skilled workers and hundreds of suppliers will be needed for any new nuclear build. Our experience has proven that engagement with local talent and suppliers to fill that void is crucial.

For instance, partnered with Westinghouse, Bechtel has been selected as the engineering and construction partner to deliver Poland's first new nuclear power plants, and we intend for our workforce to be composed of largely local Polish workers and suppliers. We have recently opened an office in-country, to build our relationship with the local community and to develop a strong nuclear workforce and supply chain. Bechtel has launched talent acquisition efforts at universities and through online advertising. Our procurement teams have held

[4] 2023, Jan: *Delivering Final Value Report*, NIA

several suppliers' forums in Poland, providing step-by-step instructions on how potential vendors can apply to be a supplier through our Digital Supply Chain portal.

With 70 years of nuclear experience, delivering over 76,000MW of nuclear power capacity, Bechtel has stayed at the forefront of nuclear innovation. As at Vogtle, Kemerrer, and now in Poland, if Bechtel participated in new nuclear projects in Wales, we would share our knowledge with the communities we deliver new nuclear projects for, to ensure a legacy of capability that would live long beyond the project.

What challenges could current skills shortages pose and how can these challenges be overcome?

The civil nuclear sector in Wales has a long history of delivering innovation and investment, creating high skilled jobs, and providing low carbon power across the nation. Today, in the absence of new nuclear developments in Wales, many Welsh nuclear professionals and supply chain companies are serving the Hinkley Point C project in Somerset. As such, for new developments, there is a nuclear skills base that can be built upon along with the teams of people managing waste and decommissioning at the retired Wylfa and Trawsfynydd sites.

The world is experiencing a nuclear renaissance with numerous countries committed to new nuclear projects and many others now adopting new nuclear power policies. This is already placing significant demands on the availability of skilled people and is compounded by the parallel demands of other safety critical infrastructure sectors. Skills shortages adversely impact project schedule and cost, causing delays to the availability of low carbon, secure power, as well as increasing costs to taxpayers and investors.

To overcome the challenges posed by skills shortages, the most crucial point is to proceed without delay on plans for new nuclear developments, it is early movers that will secure the available talent, not to mention the capacity of the technology companies. The incubation of a new nuclear development offers the time to plan for nuclear skills at the local level, this can include working with technical colleges to invest in apprenticeships and in cross-skilling professionals from declining sectors. It is imperative that Wales builds a strong workforce to meet new nuclear demands, the renaissance of nuclear power is a generational opportunity to drive innovation, boost productivity and reduce costs on future deployments of the technology.

Independent experts in major project delivery, often stress the importance of appointing highly experienced engineering and construction companies, referred to as master builders. Having worked with customers to build over 150 nuclear power plants globally, Bechtel harnesses the benefits of lessons-learned knowledge transfer, and we have made it a priority to learn from the lessons of past projects and apply them to current ones. Knowledge is passed throughout the workforce, increasing innovation and productivity as trainees share their new skills with colleagues, improving the skills and competences throughout the labour force. Relevant to Wales, this skills training and the passing on of new knowledge and competencies would provide a capability base for the incoming nuclear workforce generation.

The longevity and highly skilled nature of nuclear technology, provides significant opportunities for apprenticeship programmes across a broad range of disciplines, offering something for everyone in society, including both STEM and non-STEM occupations. The nuclear sector has always been committed to investing in its future workforce. At Bechtel our apprenticeship program enables students to work while learning. Time on the apprenticeship is split between developing on-the-job technical skills and knowledge and carrying out formalised off-the-job-training, enabling students to gain a nationally recognised qualification. This combination of world-class on project training and academic study leads to a highly competitive workforce.

Close

In conclusion, I believe this evidence demonstrates the positive benefits of building upon the civil nuclear sector in Wales. Beyond the appreciable regional economic benefit to Wales, today's nuclear energy value proposition lies in its generation of carbon-free electricity, ability to provide dispatchable power that complements other sources, its low land-use requirements, and its low transmission requirements relative to distributed sources.

Rolls-Royce SMR response to the Economy, Trade and Rural Affairs Committee's inquiry: Nuclear energy and the Welsh economy

Rolls-Royce SMR is pleased to contribute to the Economy, Trade and Rural Affairs Committee's inquiry into *Nuclear energy and the Welsh economy*.

What potential economic impact could new nuclear developments in north Wales have on the regional economy?

To reach the Government's target to develop 24GW of new nuclear by 2050, there needs to be a significant scale-up in the delivery of new nuclear projects, including the deployment of a fleet of Small Modular Reactors (SMRs). The UK currently has just 6.5GW of installed capacity, which accounts for 15% of our electricity.

In a recent report commissioned by the Nuclear Industry Association, Oxford Economics found that the nuclear sector already contributes £16.1bn to UK Gross Value Added to the economy, which is clustered around existing nuclear sites. This number is set to rise substantially if the UK can meet its 2050 target of 24GW – almost quadruple what we have today.

Rolls-Royce SMR is the quickest and most affordable way to get new nuclear on the grid and is the UK's first domestic nuclear technology in more than 20 years. Each of our 470MW SMRs will produce enough stable, affordable and emission-free energy to power a million homes for 60 years.

Each of our sites and factories will support hundreds of highly-skilled, highly-paid jobs across the local area, including in engineering, manufacturing and construction – both directly working for Rolls-Royce SMR and in the supply chain. The majority of our activities will to be concentrated in Wales and the North of England.

Unlike conventional large-scale nuclear projects, our factory-led approach means at the height of the construction of our SMR, there are only around 1000 workers on site, and each SMR will create 400-500 long-term jobs while it is in operation. We expect that the majority of these workers will be local to the area.

This approach minimises disruption to the local community, while also providing long-term, sustainable economic impact to the surrounding area. It also allows us to move many highly-skilled jobs into factories and hubs – away from site – across the UK to provide more widespread, long-term benefits to more communities.

Wales has enormous potential to be a frontrunner in plans to rejuvenate the UK's nuclear sector, with the Wylfa Newydd and Trawsfynydd sites in North-West Wales at the heart of these plans. Both sites are suitable for SMRs and Rolls-Royce SMR listed both as priority sites for deployment following a siting assessment conducted in conjunction with the Nuclear Decommissioning Authority in 2022.

The opportunity for new nuclear at Trawsfynydd was recognised by the Welsh Government through the creation of Cwmni Egino, which aims to create sustainable jobs and promote economic and social regeneration by facilitating development at the former nuclear power station site. We continue to work closely together as opportunities at the site develop.

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Rolls-Royce SMR knows from frequent discussions with regional leaders and stakeholders, such as local councillors, Assembly Members and MPs, in the region that enthusiasm for new nuclear deployment at the two locations is high, but it is incumbent on industry to set out clearly the opportunities in skills and supply chain that are part of new nuclear deployment.

Both locations benefit from existing skills in the area and Rolls-Royce SMR will continue to work with both communities as we look at opportunities in Wales.

The most immediate hurdle to unlocking economic benefits in Wales through new nuclear power is for a decision to be made by the UK Government on the SMR technology down selection process and contracts to be awarded to winners by Summer 2024. Once under contract, Rolls-Royce SMR is able to commit to the necessary increase in direct and indirect employment, and to order Long Lead Items (LLI's) and give the supply chain confidence to invest.

An element of the GBN selection process will include decisions on which sites will be first for deployment – with Wylfa and Trawsfynydd high on the priority list. Once there is clarity on the sites to host SMR's, GBN and developers will need to initiate work at those sites, creating jobs immediately through the preparation and planning processes that will be required to ready the sites for SMRs and launch the important public engagement processes.

What can be done to ensure that any new nuclear projects maximise local employment and local or Wales-based supply chains?

We know that Wales already possesses outstanding manufacturing capabilities, and its rich history in nuclear power and industrial processes, such as steel, is incredibly attractive to us at Rolls-Royce SMR, given the associated expertise and skills that have remained in Wales as a result.

To support the modularisation of our project – where the majority of our components will be built in factories and then transported to site – we have shortlisted three sites as potential locations for our first factory. One is in Deeside in North-East Wales.

To maximise local employment and supply chains, we are aiming for up to 80% UK content for our UK fleet. For reference, the offshore wind sector is targeting 60% UK content by 2030. Achieving this figure will be a challenge but we are committed to maximising use of the UK supply chain wherever possible.

RR SMR has signed a fuel design agreement with Westinghouse which will stimulate economic activity at the Springfields site, ensuring that nuclear development work is maintained in the UK and strengthened through our business.

As part of our commitment to maximise UK involvement in our nationally significant project, we launched a supply chain portal in September to help us identify the UK companies to support the delivery of a fleet of Rolls-Royce SMR.

The majority of materials and expertise that make up a nuclear power plant are not specific to nuclear – from steel and cement to construction and logistics, our supply chain portal will help connect us to companies outside of the existing nuclear supply chain and in regions where the nuclear industry isn't traditionally based.

Developing our skills programme is at the heart of what we do at Rolls-Royce SMR, and from our launch in 2021 we prioritised the retraining and attraction of talent into the business. Last year, we accepted our first cohort of apprentices – half of which are women.

We already invest in sector-wide solutions to help build the skills pipeline including primary and secondary school engagement across the UK to inspire a new generation of nuclear workers, funding for women returners to STEM careers after extended periods of leave and investing in skills bootcamps in key geographical areas – such as Wales – to support the training of mechanical fitters and mechanical, electrical, and commissioning operatives for site assembly.

In the future, Rolls-Royce SMR will also look to provide financial support for undergraduate places in engineering, digital and infrastructure focused courses through bursaries and by providing placements in our programme to university students.

The existing programmes and experience that have been developed alongside previous and current nuclear projects in Wales, at the universities of Grŵp Llandrillo Menai, Bangor and Glyndŵr mean that Wales is well placed to provide training and skills to those that will be required for the development of new nuclear power stations. We will look to support these programmes as our project develops and more skilled workers are needed.

Finally, Rolls-Royce SMR wish to develop local training facilities at each of our SMR sites to ensure we attract and retain local people to work on our SMRs while in operation as well as in assembly.

What challenges could current skills shortages pose and how can these challenges be overcome?

At Rolls-Royce SMR, we understand the skills shortage extends far beyond nuclear, and we regularly engage in monitoring and scenario planning to identify pinch-points for skills in our long-term business strategy. We are actively involved in a number of industry-wide skills groups where knowledge transfer of such data and lessons learned occurs in order to mitigate expected upcoming challenges.

Rolls-Royce plc also sits on the UK Government's Nuclear Skills Taskforce, which is devising a strategy to help identify and fill the skills gap across both the civil and defence nuclear industries, including the development of a long-term pipeline for skilled professional, that will help the sector navigate these challenges.

Past experience in training new generations of nuclear workers, including at educational institutions in Wales, has shown that the demand for skills from nuclear projects can be met with unique and nationally recognised facilities. However, commitments to delivering new training programmes can only be made when Rolls-Royce SMR is under contract to build SMR units and we can recruit and train with the knowledge that there is a long-term commitment to deployment and operation.

ABOUT ROLLS-ROYCE SMR LTD

Rolls-Royce SMR Ltd was established in November 2021 to deliver clean affordable energy for all.

The business is capitalised by Rolls-Royce Group, BNF Resources UK Limited, Constellation Group Ltd, the Qatar Investment Authority and through UK Research and Innovation (UKRI) grant funding.

A Rolls-Royce SMR power station will have the capacity to generate 470MW of low carbon energy, enough electricity to power one million homes It will provide consistent baseload generation for at least 60 years, helping to support the roll out of renewable generation and overcome intermittency issues.

Rolls-Royce SMR will draw upon standard nuclear energy technology that has been used in 400 reactors around the world. Rolls-Royce has been a nuclear reactor plant designer since the start of the UK nuclear submarine programme in the 1950s.

Rolls-Royce SMR uses established nuclear technology and know-how to offer a low cost, deliverable, global and scalable and investable solution, that can be rolled out around the world.

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Document is Restricted

Nuclear Energy and the Economy Inquiry: Cwmni Egino reponse

October 2023

About Cwmni Egino

Cwmni Egino was established in 2021 by Welsh Government to deliver a Site Development Programme for Trawsfynydd, focused on socio-economic growth.

Cwmni Egino has identified the development of Small Modular Reactors (SMR) as the most credible near-medium term option to deliver this objective and is focused on enabling Trawsfynydd to be the first site in the UK to deploy SMRs.

Our vision is for Trawsfynydd to be the site of the first SMR under construction in the UK, for North Wales to be recognised as a centre of excellence for low carbon energy, and for people's quality of life to be improved.

Trawsfynydd is strongly placed to be the first site in UK to deploy SMRs as a former nuclear site in public ownership with a supportive local community and skilled local workforce. Work completed to date confirms that Trawsfynydd can be one of the projects ready for approval by the UK Government in the next Parliament. Cwmni Egino provides a development vehicle to drive this forward.

Please see our website for more information.

What potential economic impact could new nuclear developments in north Wales have on the regional economy?

A study by Oxford Economic, commissioned by Nuclear Industry Association (NIA), shows that the UK's existing civil nuclear industry contributed £700 million to the Welsh economy in 2021, directly employing 800 people, and supporting a total of 10,700 jobs across Wales.[1]

More recently, the NIA's annual Jobs Map report published in September 2023, shows that 825 people work in the sector across Wales, a 3% increase on last year's total. The NIA has also stated that new projects in north Wales would boost jobs and skills, bringing tens of thousands of additional jobs to Wales if they were realised.[2]

Cwmni Egino has evidenced that new nuclear at Trawsfynydd would make a significant contribution to increased energy security and to meeting net zero targets for the UK and Wales, as well as create high quality jobs and growth regionally and nationally.

[1] Delivering Value: The economic impact of the civil nuclear industry - Nuclear Industry Association (niauk.org)

[2] Nuclear sector could bring tens of thousands of jobs to Wales if projects happen - Nuclear Industry Association (niauk.org)

Deployment of SMR at Trawsfynydd could create over 400 long-term jobs in the local area and would boost the regional economy and productivity, with over £600m GVA for North West Wales and £1.3bn for the whole of Wales during an operational life of around 60 years.[3] It would also create thousands of additional local and regional jobs during the construction stage, as well as through the Welsh supply chain.

In addition to the direct socio-economic impacts, the project could create and influence significant additional social value to support the long-term resilience and sustainability of local communities, in line with the Wellbeing of Future Generations Act.

Alongside existing and proposed low carbon energy projects in north Wales, new nuclear in the region can help maximise benefits to the Welsh economy from export opportunities arising from being a recognised global centre of excellence for low carbon technologies.

What can be done to ensure that any new nuclear projects maximise local employment and local or Wales-based supply chains?

New nuclear in north Wales presents a huge opportunity to drive economic growth and job creation regionally and across Wales, and to reverse the trend towards outward migration by retaining and attracting back local talent. This has clear potential economic benefits, but it can also contribute to creating sustainable and thriving communities as well as support the Welsh language and culture.

It is very important that these socio-economic aspirations lie at the heart of new nuclear projects from the outset. Early engagement with stakeholders in the education and skills sectors is key in order to nurture understanding of the scale of opportunity and to promote future employment. Likewise, supply chain engagement is vital from an early stage to make sure that they are encouraged, poised and ready to capitalise on future opportunities in Wales.

From the engagement work carried out by Cwmni Egino to date, we believe that the existing and future workforce, as well as Welsh supply chain companies, will welcome any opportunity to work in Wales. However, without certainty that projects like the one proposed for Trawsfynydd will go ahead, there is a real danger that interest and support will dwindle and that their sights will be diverted to other industries and/or localities.

Advocacy and sponsorship by Welsh Government and other key stakeholders in Wales is critical to ensure that north Wales developments are included within the UK new nuclear programme. This will provide the certainty and confidence for developers (like Cwmni Egino) to work with partners regionally to prepare the local workforce and supply chain companies.

[3] Trawsfynydd Economic Assessment (and supporting assessment workbooks) Arup, Nov 2020 (unpublished)

What challenges could current skills shortages pose and how can these challenges be overcome?

Investment in new nuclear in north Wales would provide an important catalyst for investment in skills development across a range of disciplines – many of which would be transferrable to other low carbon industries. Nuclear projects have a central role to play in developing the skilled workforce required to realise net zero aspirations.

There is a real risk, however, that without early intervention in skills and training, Wales will fail to realise the full socio-economic benefits presented by the new nuclear opportunity and low carbon energy more broadly.

Future project(s) in north Wales will be competing for skills against other large infrastructure projects across the UK and internationally. Investors will need to be confident that the requisite skills and capabilities are in place to deliver projects successfully. There is therefore a need for a co-ordinated strategy to address the existing and future skills shortage in Wales, based on a collaboration between Welsh Government, skills providers and industry. The role of the North Wales Regional Skills Partnership is extremely important in identifying existing and future skills shortages/requirements and bringing together key delivery partners.

Outreach and engagement with schools – at both primary and secondary level – as well as FE/HE institutions will be crucially important to promote future employment opportunities and to influence education and career choices among young people.

In order to meaningfully engage and mobilise the skills, education and training sector, as well as the Welsh supply chain, project certainty is absolutely key. Without clear sponsorship and investment from the UK Government, it is highly unlikely that the relevant organisations will invest in local/regional skills development to support new nuclear projects. This is particularly pertinent in north Wales given the Wylfa Newydd experience.

[ENDS]

CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

The Welsh Parliament
Economy, Trade and Rural Affairs Committee

Nuclear Energy and the Welsh Economy

Isle of Anglesey County Council's Written Evidence

OFFICIAL

October 2023

Summary of the Council's key comments in relation to the inquiry:

- The evidence confirms that the Council remains supportive of a new nuclear development on the Wylfa site as it would offer the opportunity to transform the economy of the North of the Island, the Island as a whole, together with North Wales and beyond. This would help to create a healthy and prosperous Anglesey where people can thrive in accordance with vision of the Council Plan's

- The Council supports a nuclear development in principle and the social licence to proceed is subject to the application and implementation of the principles identified below. The Council confirms that these principles apply both to a small modular and GW-scale development and are in line with the Council's previous position in relation to the Horizon Nuclear Power proposals for Wylfa Newydd:

  - *Adverse effects must be proactively avoided or minimised*
  - *Economic and social benefits must be maximised*
  - *The island's unique and special characteristics and sense of place must be protected*
  - *The Proximity Principle should be practiced*
  - *A positive legacy must be created*

- The pandemic, Brexit, lack of quality work opportunities and increases in goods and energy costs have led to significant changes on the Island and particularly in the North of the Island over the past few years. It has led to a relatively fragile economy that relies on employment mainly within the agriculture, tourism and retail sectors - these are low value, low paid sectors and offer seasonal opportunities.

- The latest census data for the Island shows an aging population, a reduction in the working population and a reduction in the use of the Welsh language.

- The evidence presented by the Council has highlighted the opportunity presented by a possible new nuclear development on the Wylfa site, be it on a small modular or GW scale by reflecting back on Horizon's application for the Wylfa Newydd project in terms of ensuring that the Island contributes towards the net zero target whilst ensuring that our communities see real benefits and advantages.

- Whilst the Council welcomes the establishment of 'Great British Nuclear (GBN) by the UK Government in order to focus on putting a nuclear development programme in place to ensure an increase in nuclear energy on an unprecedented scale and speed, the Council continues to look for concrete confirmation that this programme and the UK Government and GBN Strategies will identify the Wylfa site as one of the preferred sites for the development of a small modular or GW-scale project.

- The Council is not willing to raise the hopes of residents, communities, the local supply chain, the education and skills sector and partners and key stakeholders until concrete confirmation has been given. The Island and the North of the

Island’s communities still feel the disappointment of the Horizon Wylfa Newydd development coming to an end.

- However, once there is confirmation, the Council confirms that it would like to work together with the UK Government, GBN, the Welsh Government and all stakeholders and partners in order to ensure a sustainable development for the Island, where maximum benefits can be secured locally, and would therefore be a development we can support.

1.0 Introduction to the evidence

1.1 Anglesey County Council (*the Council*) welcomes the opportunity to respond to the inquiry being conducted by the Welsh Parliament Economy, Trade and Rural Affairs Committee on Nuclear Energy and the Welsh Economy.

1.2 This written evidence should be considered in conjunction with the oral evidence that the Leader of the Council, Councillor Llinos Medi will give to the Committee at the Welsh Parliament on the 26th of October 2023.

1.3 It is believed that the Council has much to offer in terms of presenting evidence to this important and timely inquiry including:

- *In terms of a project taking place on the Wylfa site, a complete understanding of the local area together with its regional context, and in terms of Wales and the United Kingdom - this includes an understanding of the opportunity, the possible effects together with an understanding of the challenges and the changes the Island is facing. The Council is therefore in a good position to represent the host community and to influence any project from the outset.*

- *The Council's perspective, contribution and previous experience as the local authority, host authority and local Planning authority for the Horizon Wylfa Newydd project, prior to Hitachi's decision to wind up Horizon Nuclear Power as an active development entity in March 2021.*

- *The Energy Island Programme (EIP) has been formed by the Council since 2010. The Programme is part of the Council's approach towards economic development, working in partnership with stakeholders to put Anglesey at the forefront of low carbon energy research, development and production. The Programme's vision is to ensure that the Island maximises the opportunities presented by the once in a lifetime opportunity for jobs, economic growth and prosperity through benefiting from of a number of transformative projects on Anglesey. The Programme is engaged in a broad portfolio of developments in which it acts in an advisory capacity (on statutory and non-statutory matters) including tidal, wind (offshore and onshore), solar, hydrogen, battery and nuclear energy.*

- *The Council has continuous and mature relationships and connections in place with key partners, organisations and companies within the nuclear industry.*

- *The Council is also able to build on its position in terms of its rich and safe heritage of hosting the Magnox Wylfa A station, with so many communities on the island having benefitted from employment and supply chain opportunities within this important sector and continuing to do so. The Council not only understands how the nuclear power station has benefited the Island in economic and social terms but also how the reduction in available employment on the Island over the past few years has impacted the Island and its communities in a negative way.*

- ***The current situation in terms of the possibility of a development taking place on the Wylfa site***

1.4 The communities of Anglesey, and especially those communities in North Anglesey, continue to feel the disappointment since the Horizon Wylfa Newydd project being wound up. Although considerable attention continues to be given to the possibility of a development taking place, the community continues to feel that they are between two stools with no concrete confirmation that a development on a small modular or GW-scale will take place.

1.5 Since the Horizon project ended the pandemic has happened, and many businesses have closed as a result of impacts related to that event as well as the effects of Brexit and the increase in energy costs and commodity costs. This has led to the loss of quality jobs across the Island, young people moving away to look for work or not returning after being at university due to a lack of opportunities and all of this leads to a negative impact on our communities, our heritage and the Welsh language.

1.6 The Council welcomes the establishment of 'Great British Nuclear (GBN) by the UK Government in order to focus on ensuring progress in nuclear energy at an unprecedented scale and speed. Although GBN's recent announcement confirms the selection of six small modular reactor technologies to go through to the next stage following a technology selection process, the Council continues to seek assurances that the Government and GBN processes will proceed as a matter of priority <u>to identify a clear and effective programme for new nuclear developments in the UK including confirming which technology will be located on which sites.</u>

1.7 In addition, the Council is seeking a better understanding of how the Welsh Government wants to work in partnership with GBN and the UK Government in order to support and ensure alignment in terms of vision, priorities and strategies at all levels.

1.8 At all levels, everyone is looking for certainty one way or the other as to the possibility of a development taking place on the Wylfa site - whether that is a small modular or GW-scale development. This assurance is sought by our residents, our communities, businesses and the supply chain as well as the developers themselves.

1.9 We cannot at a local level give assurance to our young people or to the supply chain that there will be an opportunity for them to work and benefit in the future from the construction and operation of a nuclear development on the Island without definite confirmation that a development will take place. We have previously raised hopes with families hoping that their children would receive quality work opportunities that will enable them to remain on the Island and many businesses have thought about how they would be able to make the most of the opportunities directly and indirectly.

1.10 The Council confirms that in accordance with the EIP's vision it remains supportive in principle of a new nuclear project on the Wylfa site but on condition that the project delivers transformative socio-economic benefits to the host communities.

1.11 While the Council, in principle, supports new nuclear developments and recognises the role they can play in terms of responding to the need to secure a path towards achieving net zero, ultimately, this cannot be at the expense of the island or its communities.

1.12 The Council's support is based on confirmation that the development is sustainable and that it should not be at the expense of the island's communities. The Council's support in principle, and the social license to proceed with a nuclear development, is subject to the implementation of the principles identified below. The Council confirms that these principles apply to small modular developments along with GW-scale development, and are in line with the Council's previous position regarding the Horizon Nuclear Power proposals for Wylfa Newydd:

- *Adverse effects must be proactively avoided or minimized*
- *Economic and social benefits must be maximised*
- *The island’s unique and special characteristics and sense of place must be protected*
- *The Proximity Principle should be practiced*
- *A positive legacy must be created*

1.13 In terms of its approach to any major developments, the Council adopts the Proximity Principle. The Proximity Principle requires that consideration should firstly be given to project’s impact on its closest communities and how the effects experienced are reduced according to their distance from the project, the need to provide benefits and mitigation measures, including compensation, also decreases.

1.14 The Council adopted the Proximity Principle to guide its position for dealing with and negotiating the Horizon Wylfa Newydd DCO application. This ensured that all benefits, mitigation and compensation measures were focused on the host community in the first place, namely the communities and residents most affected as a result of the impacts of all phases of the project.

1.15 The Council is eager for the Proximity Principle to be adopted by all partners and stakeholders inside and outside the planning system including the two Governments, the Welsh Local Government Association and others in order to ensure that the benefits arising from all major projects are focused on the closest communities, which will be the communities most affected throughout the life of the project.

1.16 The Council understands that the UK Government intends to consult on an updated National Policy Statement (NPS) for nuclear projects during the Autumn and that it is likely that the Wylfa site and Anglesey will continue to be identified as one of the preferred sites/areas for a new nuclear development.

1.17 The Council welcomes the preparation of an updated Statement as it will inform current policy for new nuclear developments in Britain and address the uncertainty for developers, hosting authorities, communities and wider stakeholders in terms of which sites will be designated for new nuclear development and receive the policy support at the highest level of the policy hierarchy.

1.18 At local policy level, the Council is currently preparing a delivery agreement for the implementation of a new Local Development Plan. This Plan will need to address any nuclear development taking place on the Island in terms of the construction, operational and decommissioning phases in addition to addressing and setting out an effective policy basis for the associated developments and impacts and any nuclear development including (but not limited to) matters relating to the provision of highways, housing, services, the environment, the Welsh Language and culture and so on.

1.19 The Council is therefore seeking clarity as a matter of urgency if the UK Government's nuclear development programme and the National Policy Statement will identify the Wylfa site for new nuclear development whether on an SMR or GW scale in order to be able to plan for the future and ensure that we are 'creating an Anglesey that is healthy and prosperous where people can thrive' (The council’s vision as stated in the Council Plan 2023-28[1]).

1.20 The long-term experience of the Council and the communities it represents in terms of hosting the Wylfa A power station, together with Horizon's proposals for Wylfa Newydd, have created important learning points, particularly in relation to engaging and involving the community. This has also created an organisational culture where we are familiar with recognising the benefits and impacts that can result from hosting a nuclear plant.

1.21 The Council considers that it is essential for GBN, the UK Government and the Welsh Government to understand and learn from these experiences in forming its long-term strategy for the nuclear energy development programme in the UK. The Council confirms that it is prepared to continue working with the three bodies together with other partners in order to share and learn from these experiences and understanding in order to ensure an effective and successful strategy which has the host community at its centre and being the prime focus from the outset.

1.22 The Council considers that early and meaningful engagement and co-operation with all key stakeholders (including the host Authority and the host community in particular) is essential.

1.23 In terms of gaining community support, openness, together with trust and respect, are considered key features, not only from the developer's perspective, but also from key stakeholders (including the UK Government/Great British Nuclear (GBN) and the Welsh Government).

1.24 The UK Government and the Welsh Government have recently highlighted the potential in terms of streamlining / improving the consenting and licensing process for projects of national significance.

[1] Council Plan 2023-2028 (gov.wales)

1.25 The Council's commitment to the consenting process (especially in terms of representing its communities) is vitally important. In terms of Horizon's proposal for Wylfa Newydd, the Local Impact Report (LIR), prepared by the Council as the host authority was a key report that the Inspector regularly referred to during the examination of the application.

1.26 In this context it is important to note that the Island is a very different Island since the Council formed its position on Horizon’s Wylfa Newydd project. The next part of our evidence will set out to highlight these changes. The Council confirms that any developer will need to be fully aware of the characteristics of the Island in order to gain a full understanding and awareness of the context for developing and locating a development and in order to identify and assess the potential scale of the likely effects in order to mitigate and reduce them or compensate to a level that is acceptable to all.

1.27 In terms of consenting and licensing, the Council believes that it is necessary that these processes require the developer to engage with those communities most affected by such a large-scale development in a prompt, appropriate and effective manner.

1.28 This is to ensure that the developer, in the early days of developing the project, has a complete understanding of the local context (which is particularly important within a unique environment such as Anglesey) and to allow the communities to raise concerns that can be resolved by modifying the design and to identify and highlight the opportunities for securing and maximising local benefits.

1.29 As the Council has a key role as the local authority, the host authority and the local planning authority in relation to any development on the Wylfa site in the future, the Council confirms that it is necessary for it to have the capacity and the appropriate resources to enable it to play a full and effective part in the process, from the initial stages of the development design process, in order to advise and influence accordingly the for the benefit of the communities it represents.

1.30 In terms of Horizon's previous Development Consent Order (DCO) proposals for Wylfa Newydd, a Planning Performance Agreement (PPA) was agreed between the Council and Horizon. The PPA was an effective mechanism that enabled the Council to have the necessary capacity and resources throughout the period of engagement with that project.

1.31 We are sharing the panel for this evidence session with the North Wales Economic Ambition Board. The Council confirms that there is a readiness and maturity to work together to maximise the benefits of any project at the Wylfa or Trawsfynydd sites on a regional level. But again, we confirm that challenges/negative effects are likely to arise from projects on the Wylfa and Trawsfynydd sites and be felt in the immediate locality of the projects and would extend to the North Wales area. It will be necessary to adopt and implement the proximity principle in terms of discussions about securing mitigation measures, including compensation.

1.32 The Council hopes that the above context is helpful as we respond to the specific questions that the Committee will ask in the next part of our response.

2.0 What potential economic impact could new nuclear developments in north Wales have on the regional economy?

2.1 The island and its communities have a long-term and positive relationship with the nuclear sector. This is because the Island, its residents and communities have experienced the long-term economic and social benefits that have been realised at a local (North of the Island and the Island as a whole) and regional level throughout the period of operation of the Wylfa A station, and which continue to be felt as the station goes through the decommissioning phase.

2.2 The table below confirms the Gross Added Value (GVA) of the Island in relation to other North Wales Authorities together with Wales and the United Kingdom.

Mesur Cyfanswn (£ milliwn)												
			2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
DU			1507777	1568990	1643394	1702910	1771588	1845519	1904933	1980679	1891068	2025600
Cymru			53163	55077	56482	58434	60833	62917	65167	67955	64634	69500
Cymru	Gogledd Cymru		12134	12706	12735	13177	13598	14198	14708	15182	14401	15647
	Gogledd Cymru	Ynys Mon	860	865	867	916	976	1005	1071	1140	973	1035
		Gwynedd	2089	2197	2182	2226	2234	2341	2378	2469	2215	2453
		Conwy	1414	1519	1575	1643	1710	1828	1848	1878	1773	1788
		Dinbych	1437	1527	1575	1598	1674	1751	1816	1849	1832	1957
		Fflint	3562	3678	3673	3869	4063	4265	4394	4468	4322	4877
		Wrecsam	2772	2920	2863	2925	2941	3008	3201	3378	3286	3537

2.3 The table above confirms that even though there is annual growth in the Island's GVA, the growth is significantly lower than that in North Wales, Wales and the UK.

2.4 Most of the employment opportunities available here in Anglesey are now in the agriculture, tourism and retail sectors - low value, low wage sectors that offer seasonal opportunities.

2.5 The implications of this are the outward migration of young people, demographic imbalance, economic inactivity, increased pressure on services and an adverse effect on the Welsh Language and the Island's communities.

2.6 The results of the latest census confirm these effects:

- *Between the last two censuses (held in 2011 and 2021), the population of Anglesey fell by 1.3%, from just under 69,800 in 2011 to around 68,900 in 2021.*

- *Between the last two censuses, the average (median) age of Anglesey increased by three years, from 45 to 48 years old (a higher average (median) age than Wales as a whole (42 years).*

- *The number of people aged 65 to 74 years rose by around 1,200 (an increase of 14.2%), while the number of residents between 35 and 49 years fell by around 2,300 (17.2% decrease).*

- *The percentage of Welsh speakers on Anglesey fell from 57.2% in 2011 to 55.8% in2021.*

- *Of Anglesey residents aged 16 and over, 49.9% said they were employed (excluding full-time students) in 2021, down from 51.3% in 2011.*

- *In 2021, just over 1 in 40 people (2.6%) said they were unemployed, compared with 4.1% in 2011.*

- *The percentage of retired Anglesey residents increased from 28.6% in 2011 to 30.5% in 2021.*

2.7 The Magnox Wylfa Power Station site is located in the North of the Island and the adjacent land was the subject of the Horizon's Wylfa Newydd project.

2.8 As has already been highlighted, Anglesey's communities, and especially those communities in the North of Anglesey, continue to feel the disappointment and impact of the Horizon Wylfa Newydd project being withdrawn.

2.9 The area known as North Anglesey covers a third of Anglesey. In 2021 there were only 2,285 jobs in North Anglesey - less than 10% of all the jobs on Anglesey. The area is now dominated by a foundational economy – specifically the accommodation and food services sectors, which usually offer low wages but now support tourism and hospitality.

2.10 The table on the next page confirms the job losses that have been experienced on the Island and specifically in the North of the Island as employers decide to close:

Year	Company	Job Losses
North Anglesey		
2004	Octel	100 to 120
2015	Magnox Wylfa	300 to 350
2019	Rehau	100
Total for North Anglesey		**500 to 570**
Others on the Island		
2008	Peboc	60
2008	Eaton Electrical	265
2009	Anglesey Aluminum	300 to 400
2013	Welsh Country Foods	300 to 350
2019	Marco Cable Management	40
2022	Orthios	120
2023	2-Sisters	730
Total		**2,315 i 2,535**

2.11 Job losses in the historic industries has resulted in North Anglesey only contributing 13% of Anglesey's total GVA in 2020. This has fallen by 17% since 1998. Between 1998 and 2020, North Anglesey's GVA increased by 39%, less than half the corresponding growth across the rest of the Island.

2.12 The peripheral nature of Anglesey's location means that residents in the North commute and leave North Anglesey mainly for work purposes but do not leave the Island. In the 2011 Census, only 35% of the commuting residents of North Anglesey also worked in North Anglesey but a total of 71% remained on the Island. In comparison, 50% of the commuting residents of Llangefni, also work in Llangefni.

2.13 Amlwch, the largest settlement in North Anglesey, is in the top 30% of the most deprived areas in Wales in terms of Income and Employment and in the top 20% of the most deprived in terms of Access to Services. Residents are increasingly dependent on food banks: between November 2022 and March 2023, the use of food banks in Amlwch increased by almost 155%.

2.14 2Sisters' decision to close its factory in Llangefni at the beginning of this year due to the increase in production costs was a significant blow to the Island.

2.15 2Sisters was one of five major businesses on the Island (known to employ over 250+ workers) and the closure of the factory has resulted in a 4% loss of employment due to the 730 jobs lost, and will have further knock-on effects of £400,000 a year in lost supplier contracts on Anglesey.

2.16 The Council recognises that any new nuclear project on the Wylfa site has the potential to transform the economy of Anglesey, particularly in the north of the island, as well as in the North Wales region and beyond. It would also provide the possibility of short, medium and long-term opportunities in terms of employment and economic development. This would ensure opportunities for our young people, either in terms of retaining them or attracting them back to the area, and therefore it would have a positive effect on the Welsh language and our communities.

2.17 The North Anglesey Economic Regeneration Plan[2] was amended in light of Hitachi's decision to suspend the Wylfa Newydd plan and the closure of the Rehau factory, two serious blows to the North Anglesey communities' economic prospects, which reinforced the need for a programme of action to meet the needs of the North.

2.18 The Plan sets out a vision for the North Anglesey area and identifies the opportunities which include a possible proposal for a nuclear power station, the opportunities available as part of the decommissioning period of the current station, benefiting from the Growth Plan for the North Wales Economy, capitalising on the area's potential in terms of tourism and maximising the sense of community and place.

2.19 At an event held by the Nuclear Industry Association in the Senedd in September, Kieron Salter, an Electrical Engineer who works on the Hinkley Point C project, who is originally from Llangefni on Anglesey, spoke about his memories as a child of visiting the Wylfa power station, and then completing a period of work experience which motivated him to choose a career path in the nuclear sector with the hope of working on the Horizon Wylfa Newydd project.

2.20 Kieron was one of those individuals from the Island who was successful in being able to follow an apprenticeship with Horizon 7 years ago. Kieron was 17 years old at the time and extremely proud to be able to follow a career path that would enable him to stay here on the Island to work and live with his family and friends.

2.21 When Horizon decided not to continue with the Wylfa Newydd project, Kieron described the disappointment faced by the 33 apprentices who were on the Apprenticeship Programme. EDF took Kieran on to complete his apprenticeship and today he works as an Electrical Engineer with EDF. Obviously, this meant that Kieron had to move from Anglesey to be able to complete his apprenticeship, he had to move from the familiarity of his home area far from the Welsh language and his Welsh culture. Kieran said at the event in the Senedd:

[2] North Anglesey Economic Regeneration Plan (gov.wales)

"Nuclear to me means stability, opportunities for generations and a job for life. I was deeply disappointed when the Wylfa Newydd project failed to materialise. I hope one day I can move back to Anglesey to work when there will be a new station in place at the Wylfa site".

"Working at Hinkley Point C has broadened my vision of what new nuclear can contribute to the economy in the local area. During construction, thousands of opportunities will be available. From pouring concrete to welding, erecting steelwork, driving heavy machinery, driving buses, cooking food, hotel management. The possibilities are endless in terms of the opportunities it brings. Once built, it will employ hundreds of people to keep it running. The opportunities resulting from a project of this size are immense, bringing huge benefits to Wales and helping to achieve net zero targets".

2.22 In it's Local Impact Report (LIR) for the Horizon Wylfa Newydd development, the Council confirmed that the project has the potential to contribute to long-term change in the structure of the economy on Anglesey. Each phase of the project had the potential to create higher paying jobs, moving local businesses up the supply chain and attracting new businesses and inward investment related to the project.

2.23 The local, regional and wider potential socio-economic benefits that would arise as a result of the construction and operation of a nuclear power station on the Island were assessed and identified in the Environmental Statement (EA) submitted as part of Horizon's application for a Development Consent Order (DCO) for its proposed Wylfa Newydd development. The main benefits included:

- *In terms of the demand for workers during the construction phase, the Horizon analysis (for a GW+ scale development) suggested that a total of 9,000 workers would be required at the peak of the project, with the possibility of around 2,000 of the these jobs being carried out by workers who lived within the daily construction commuting zone (90-minutes travel time to the site) during the construction period;*
- *Horizon used an additional multiplier of 1.9 to calculate the indirect jobs and those that will be created as a result of the development, and this suggested that a further 1,800 jobs would be created through construction work within the daily commuting zone;*
- *Out of the 850 jobs during the operational period, a commitment that 85% of these jobs would be for local people - with salaries above the national average;*
- *Local expenditure of £200-£400m would have an immediate positive effect;*
- *Providing opportunities for businesses to win contracts over number of years ensuring job creation;*
- *Businesses in the area need upskilling to become part of the supply chain. In turn, this will leave a lasting legacy of winning further contracts and becoming more competitive;*
- *Ensuring that the port of Holyhead plays an active and meaningful role in the supply chain leading to direct investment, and creating a number of jobs over the construction and operational phases over many years;*
- *The development would lead to the creation of additional sites and buildings on the Island and in North Wales for indigenous businesses and inward investors;*

- *Indirect opportunities - although not directly linked to the development of Wylfa Newydd, there would be plenty of indirect opportunities available, including accommodation provision for the construction workers, cooking, cleaning and so on.*

2.24 The above information confirms the value and scale of the potential benefits for the Island and the region in hosting a GW-scale power station. The census data, and also the data for North Anglesey which was presented earlier in the Council's response, confirm that North Anglesey desperately needs investment in a project that would ensure transformative opportunities and prosperity for the local area.

2.25 In terms of the potential economic impact of a new nuclear power station on the Wylfa site, whilst much of the detailed evidence available to support informed comments has focused on a GW+ scale development, the Council is aware that proposals for future nuclear development on the site will also include SMR / AMR proposals. The socio-economic impacts would be different to those resulting from a GW-scale proposal.

2.26 Work completed by Ove Arup and Partners Ltd for the Welsh Government has focused on the possibility of locating an SMR / AMR development in Trawsfynydd. However, it provides useful additional information relevant to a broader North Wales and Wales level.

2.27 This analysis considered various siting scenarios, together with the resulting employment opportunities and wider supply chain activity, which could arise from a SMR / AMR development. Gross value added (GVA) calculations were completed and linked to job creation opportunities. Considering an analysis of the peak construction work period in 2027, it was suggested that there would be around 1,520 jobs available within the North Wales area, with a further 1,370 jobs within the supply chain. In terms of economic outcomes, the report concluded that the peak construction periods could generate £41.6million in GVA in North West Wales, together with an overall GVA of £177.5million across Wales.

2.28 However, whilst these figures are, on average, lower (as can be expected) than estimates for constructing a GW+ scale nuclear development, they show that a significant contribution can be made as a result of locating a SMR / AMR development within north west Wales, and in Wales more generally, and it is essential for the island and the region to be able to fully benefit from these opportunities.

2.29 If proposals for an SMR / AMR development were submitted before a GW+ scale development, the Council would expect any developer to be familiar with the various issues identified within this evidence, and that they need to be subject to early detailed discussions as part of any development process. This should build on the various economic (and wider) considerations within Horizon's proposals for Wylfa Newydd. The Council also recognises the potential of presenting proposals for GW+ scale reactors and SMR developments for Wylfa at the same time. In this respect, especially in terms of having to deal with different teams of developers, it would be necessary to ensure early engagement and cooperation between the Council and all relevant key stakeholders, to ensure that positive effects can be maximised, together with mitigating adverse effects through appropriate compensation measures.

2.30 In terms of the capacity to leave a lasting legacy in relation to job creation, skills improvement and the overall economic impact in Gross Value Added (GVA) terms, there is evidence that nuclear power projects can create significant change across communities over many generations. The Council would like to see real opportunities being created at an early stage in order to secure these benefits. They should be made clear to people and businesses within the spatial area of Anglesey and the North Wales region and beyond with appropriate support given to ensure access. Any such benefits will need to fully reflect and respond to the island's protected and sensitive habitats and landscape (and wider natural assets), which make it such an important tourist destination, and they are a key part of the island's economy.

2.31 Through its ongoing engagement with Horizon in relation to the development of Wylfa Newydd, the Council discussed and agreed a package of mitigation and compensation measures to help the Council, the affected communities and partners deal with the identified effects in the Environmental Statement (positive and negative impacts). In terms of securing job opportunities, skills and a local supply chain this included Horizon preparing a Jobs and Skills Strategy, together with a Supply Chain Action Plan, which confirmed measures and methods that would be implemented in order to maximise local opportunities and benefits together with reducing possible adverse effects, including the possibility of displacement.

2.32 Throughout the pre-application period and submission of the DCO application, the Council submitted extensive comments regarding the need to ensure appropriate support for the host communities through S106 obligations / community benefit scheme packages, to address negative impacts and maximise the positive impacts arising from the proposals. This included measures within the S106 agreement to ensure that the Council is able to address the additional pressure on the housing market, education sector and the Welsh language, public services, highways, tourism and leisure and the environment, to name just a few.

2.33 With regard to any proposals for a new nuclear development on the Wylfa site, the Council would expect such matters to be fully considered from the outset, whilst adopting the Proximity Principle.

2.34 Whilst the potential opportunities of hosting a power station on the Island have been identified, the Council continues, as highlighted in the presentation to look for certainty one way or the other as to the possibility of a development taking place on the Wylfa site - whether that is small modular or GW-scale development. This confirmation is being sought by our residents, our communities, businesses and the supply chain as well as the developers themselves.

2.35 It is not possible raise the hopes of our residents and communities about the potential opportunities that will be available in terms of jobs, skills and the supply chain without receiving definite confirmation that development will take place, along with a timescale for that development. This would enable everyone to prepare together, and to ensure that the best possible local opportunities are secured.

3.0 What can be done to ensure that any new nuclear projects maximise local employment and local or Welsh supply chain opportunities?

3.1 As has already been identified, as a matter of priority, the Council and the communities of the Island need confirmation as to whether a new nuclear development will take place on the Wylfa site, together with confirmation of the timescale for that development.

3.2 This would enable the Council and all relevant stakeholders and partners to put work programmes in place to ensure that the Island, our residents, the communities and the local economy are ready to benefit from every opportunity as a result of nuclear development on the Wylfa and/or Trawsfynydd sites.

3.3 As a first step, it is necessary to carry out the following:

- *Identify what is available locally and regionally in terms of employment, skills and the supply chain;*
- *Identify the needs of the developer;*
- *Identify gaps in terms of skills, employment and supply chain requirements;*
- *Work in partnership to implement plans and programmes to address gaps in a timely manner. This would include working with the local schools, colleges and universities.*
- *Identify what other developments and projects are in progress during the same period and what their needs are in terms of skills and supply chain;*
- *Implement projects to get our young people interested in STEM.*

3.4 Although some activities and programmes are already in place to identify some of the above on a regional and Wales level, it is not possible to fully implement a work programme until there is certainty that a development will take place on the Wylfa and/or Trawsfynydd sites, together with confirmation of the scale of the development, its timescale, and the ability to work with the developer to fully understand their requirements.

3.5 As has already been identified, there would be a difference in terms of the requirements for a small modular project compared to a GW-scale development and therefore this confirmation is needed before all the stakeholders and partners can come together to plan for the future in order to ensure that local opportunities can be maximised.

3.6 In relation to any new nuclear development on the Wylfa site, the key stakeholders in terms of jobs, skills and the supply chain include (but are not limited to) the Council, the Welsh Government, the North Wales Economic Ambition Board, the Regional Skills Partnership, M-Sparc, Menter Môn, Grŵp Llandrillo Menai, the University of Wales Bangor, NWNA, WNF and the NIA. All the partners are prepared to work together as we did with the Horizon Wylfa Newydd project to ensure that any development brings worthwhile economic and social benefits to the Island.

3.7 The Council's support for a new nuclear development is based on the project providing transformative economic and social benefits to the host communities in accordance with the proximity principle.

3.8 Horizon implemented a Jobs and Skills Strategy together with establishing the Wylfa Newydd Employment and Skills Service which included the Council, the Welsh Government, the Regional Skills Partnership, the Department for Work and Pensions, further education colleges and the universities in the region. The service focused on the following:

- forecasting the project's skills and supply chain requirements;
- working with schools and education providers to engage with STEM;
- offering apprenticeship opportunities and programmes for graduates;
- offering work experience opportunities;
- working with the Department for Work and Pensions and partners to target the economically inactive and unemployed for construction roles;
- expanding employment and skills opportunities for underrepresented groups, women, disabled people and people from minority ethnic backgrounds.

3.9 The Council would expect any other developer to put a similar programme in place to ensure local presence and engagement.

3.10 Coleg Menai in Llangefni, part of Grŵp Llandrillo Menai, collaborated and received financial support from Horizon to ensure that their campus and the opportunities available there for its students and Horizon apprenticeships aligned with what the Horizon Wylfa Newydd project would need to ensure that the local benefits were maximised particularly for the young people of the Island. The College has also benefited greatly from financial support from the Nuclear Decommissioning Authority (NDA). The decision to withdraw the Horizon Wylfa Newydd project was a blow to the College and its students who had hoped of a future career at the station on the Wylfa site.

3.11 The Group's intention is to support the economy of North Wales by giving local people the required skills and qualifications to ensure that the region is competitive and successful. The wide variety of courses, the high-quality learning experiences, the excellent facilities and the Group’s versatile staff all contribute to achieving these goals.

3.12 Like the Council, the College is an important partner and stakeholder and is also looking for concrete confirmation as to whether a project will take place on the Wylfa and/or Trawsfynydd sites in order to look towards the future and plan ahead to ensure they are ready for the opportunities, and that local opportunities and benefits are maximised.

3.13 M-Sparc is located in Gaerwen on the island, the first Science Park in Wales that offers a workplace for tenants. M-SParc was established to drive innovation and deliver economic growth. The Egni team was established in 2021 to provide specialist support for the low carbon sector and to take advantage of the wide range of opportunities in this sector across North Wales. M-Sparc is an important partner locally and regionally and is prepared to work together to ensure that employment, skills and supply chain opportunities are available should a development take place on the Wylfa and Trawsfynydd sites. In the meantime, and before any concrete confirmation is received regarding any development on the Wylfa or Trawsfynydd sites, M-Sparc will continue to engage and host STEM programmes and events together with the M-Sparc Academy.

3.14 Considering both Governments' strategies to achieve net zero, together with the inclusion of a wide range of technologies, it is essential to ensure that there is sufficient and appropriate capacity in terms of jobs, skills and the supply chain for the renewable energy sector as a whole. Again, this requires collaboration and engagement with various key stakeholders.

3.15 The Energy Island Programme's development portfolio is very broad and includes tidal energy, offshore wind, solar and hydrogen developments, together with a possible nuclear development on the Wylfa site. In addition, earlier in the year, a joint application between the Council and Stena Line was successful and the Island has gained Freeport status[3]. Securing Freeport status provides the potential to deliver real change to communities across Anglesey and the wider North Wales region by attracting investment and economic development. It is hoped that this status will accelerate and act as a catalyst for the wider targets of the Energy Island Programme's vision. Freeport status would support the creation of a business environment that appeals to potential investors and businesses in the energy sector. Forecasts confirm that the Freeport status has the potential to create between 3,500 and 13,300 jobs over the next 15 years, with these being new jobs (not displaced jobs).

3.16 Beyond the Island, a number of large-scale energy and infrastructure projects are planned or underway. These include projects that are being developed as part of the North Wales Growth Deal, creating significant competition for skills, particularly construction skills.

3.17 It is necessary to consider the timing and transferability of skills between all these projects at a local and regional level, as this could create significant competition for skills, particularly construction skills.

3.18 There is a need to ensure consistency and synergy between all developments, developers and the opportunities presented in order to maximise employment, skills and supply chain opportunities.

3.19 As a Council, we are consistent in our position in relation to all developments that wish to develop and operate on the Island and confirm in all cases that it is expected that the economic and social benefits arising from the projects are maximised on a local level, in accordance with the proximity principle.

3.20 The Council will want the local socio-economic baseline for any project to be fully up-to-date. This is very important in order to develop a project with a full and completely up-to-date understanding of the current situation to be able to conduct an appropriate and satisfactory assessment of the possible impacts (negative and beneficial), leading to the identification and agreement of mitigation measures.

[3] Anglesey Freeport (gov.wales)

3.21 As has already been identified, as a matter of priority, the Council and the communities of the Island need confirmation as to whether a new nuclear development will take place on the Wylfa site, together with confirmation of the timescale. This would enable the Council and all relevant stakeholders and partners to put work programmes in place to ensure that the Island, our residents, the communities and the local economy are ready to take advantage of every opportunity which will arise as a result of a nuclear development on the Wylfa and/or Trawsfynydd sites.

4.0 What challenges could the current skills shortage create and how can these challenges be overcome?

4.1 While the potential opportunities of hosting a power station on the Island have been identified earlier on in our response, the Council continues to look for certainty one way or the other as to whether a development will take place on the Wylfa site, whether that be a small modular scale or GW-scale development. This confirmation is being sought by our residents, our communities, the businesses and the supply chain, as well as the developers themselves.

4.2 It is not possible to raise the hopes of our residents and communities about the potential opportunities that will be available in terms of jobs, skills and the supply chain without receiving definite confirmation that development will take place, along with a timescale for that development. This would enable everyone to prepare together, and to ensure that the best possible local opportunities are secured.

4.3 This type of project obviously requires a very wide range of skills, and we are particularly eager to fully exploit all opportunities on a local level. However, we cannot guide our young people to enter that sector or for people to cultivate the new skills that will be required for this type of project without definite confirmation that a development will take place on the Wylfa site.

4.4 The Council is well aware that nuclear projects create important opportunities in terms of skills development and growth at a local, regional, Welsh and UK level over a period of time. In this context, the Government has an important opportunity to continue to drive investment in enabling skills, working with industry partners, together with academia and learning providers, and innovation hubs that support business growth.

4.5 The Government should continue to invest in its support in terms of developing the supply chain (for example, as part of the Energy Innovation Programme) in order to allow the host community of any nuclear development, within the UK and Wales, to benefit from this development opportunity in market terms, and this is even more relevant now as GBN has been tasked with identifying a programme of nuclear developments in the UK.

4.6 The Government should seek to ensure that it maintains links between the industry, the academic world, research bodies, and public and private bodies, and should encourage those who’s remit includes regional collaboration, such as NWNA, to continue to engage. With the support of the Government, the UK should ensure that it maintains and promotes long-term capacity in terms of the nuclear generation / fuel cycle, alongside new advanced nuclear applications.

Summary of the Council's key comments in relation to the inquiry:

- The evidence confirms that the Council remains supportive of a new nuclear development on the Wylfa site as it would offer the opportunity to transform the economy of the North of the Island, the Island as a whole, together with North Wales and beyond. This would help to create a healthy and prosperous Anglesey where people can thrive in accordance with vision of the Council Plan's

- The Council supports a nuclear development in principle and the social licence to proceed is subject to the application and implementation of the principles identified below. The Council confirms that these principles apply both to a small modular and GW-scale development and are in line with the Council's previous position in relation to the Horizon Nuclear Power proposals for Wylfa Newydd:

  - *Adverse effects must be proactively avoided or minimised*
  - *Economic and social benefits must be maximised*
  - *The island's unique and special characteristics and sense of place must be protected*
  - *The Proximity Principle should be practiced*
  - *A positive legacy must be created*

- The pandemic, Brexit, lack of quality work opportunities and increases in goods and energy costs have led to significant changes on the Island and particularly in the North of the Island over the past few years. It has led to a relatively fragile economy that relies on employment mainly within the agriculture, tourism and retail sectors - these are low value, low paid sectors and offer seasonal opportunities.

- The latest census data for the Island shows an aging population, a reduction in the working population and a reduction in the use of the Welsh language.

- The evidence presented by the Council has highlighted the opportunity presented by a possible new nuclear development on the Wylfa site, be it on a small modular or GW scale by reflecting back on Horizon's application for the Wylfa Newydd project in terms of ensuring that the Island contributes towards the net zero target whilst ensuring that our communities see real benefits and advantages.

- Whilst the Council welcomes the establishment of 'Great British Nuclear (GBN) by the UK Government in order to focus on putting a nuclear development programme in place to ensure an increase in nuclear energy on an unprecedented scale and speed, the Council continues to look for concrete confirmation that this programme and the UK Government and GBN

Strategies will identify the Wylfa site as one of the preferred sites for the development of a small modular or GW-scale project.

- The Council is not willing to raise the hopes of residents, communities, the local supply chain, the education and skills sector and partners and key stakeholders until concrete confirmation has been given. The Island and the North of the Island's communities still feel the disappointment of the Horizon Wylfa Newydd development coming to an end.

- However, once there is confirmation, the Council confirms that it would like to work together with the UK Government, GBN, the Welsh Government and all stakeholders and partners in order to ensure a sustainable development for the Island, where maximum benefits can be secured locally, and would therefore be a development we can support.