



Llywodraeth Cymru
Welsh Government

Paul Davies MS

Chair

Economy, Trade & Rural Affairs Committee

1 March 2024

Dear Paul,

Please find attached our response to the Committee's report on Scrutiny of the Welsh Governments draft budget 2024 – 25.

The draft Budget for 2024-25 has been developed in the context of the toughest financial situation we have faced since devolution and a settlement which is not sufficient to respond to all the pressures our budget, Welsh public services, businesses and people are facing. Very difficult decisions have had to be made to refocus funding towards core, frontline public services.

It was also agreed the Minister for Economy would provide an update on degree apprenticeships following the meeting on 18 January 2024.

We are consolidating degree apprenticeships as part of our core provision by expanding into new sectors and increasing the diversity of pathways meeting our Programme of Government commitment. Vertical progression and cross-sector collaboration has been key to the programme's success. On the engineering and advanced manufacturing framework over half of learners have undertaken an apprenticeship previously.

A new railway engineering pathway was developed last year and the qualification was launched by the University of South Wales in conjunction with Coleg y Cymoedd. The course has been developed to meet the specific requirements of the railway industry across Wales as projects such as the South Wales Metro are developed to address the need for sustainable and reliable public transport systems. The first cohort of apprentices started on 15 January 2024 with planned entry every September thereafter.

Construction management, civil engineering, general surveying and quantity surveying degree apprenticeship pathways have been consulted on and qualifications are currently being developed by the universities. They will be ready for student apprentice intake in September 2024.

Officials work closely with trade and professional bodies such as Industry Wales and the Construction Industry Training Board (CITB Wales) as well as universities to develop these programmes making sure that employers are consulted and involved.

According to the evaluation report of the first three years of degree apprenticeships in Wales <https://www.gov.wales/evaluation-degree-apprenticeship-programme-final-report> the programme was credited with bringing about a range of positive benefits, including contributing to the skillsets of employees/degree apprentices, and, in turn, bringing benefits to their employers such as a more skilled workforce and improvements in staff retention.

In terms of programme starters, the latest Higher Education Statistics Agency (HESA) figures are:

First year students in Wales on HEFCW-funded degree apprenticeships (2019/20 to 2021/22)

2019/20	2020/21	2021/22
260	300	305

Source is 'HESA student record via Welsh Government'¹

¹ Data calculated using full person equivalent. Data rounded to the nearest 5. Data based on students who are:

1. In the standard registration population
2. Studying at a Welsh Higher Education provider or in the Welsh national centre of the Open University.
3. On a HEFCW-funded degree apprenticeship scheme.
4. In their first year of study.

Data for 2018/19 is currently unavailable.

It was also agreed to provide further information regarding potential changes to objectives and targets that may be set for business support as a consequence of spending reductions, as well as provide information on what support Business Wales provide alongside the Development Bank of Wales in the business support environment. A detailed response can be found under recommendation 15.

Yours sincerely,



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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

Recommendation 1

The Welsh Government should share any analysis it has undertaken on the net impact of reduced budgets on business, farmers and the wider rural community with the Economy, Trade and Rural Affairs Committee.

Response: **Accept**

The Welsh Government published the Strategic Integrated Impact Assessment alongside the draft budget ([Draft Budget 2024 to 2025 narrative \(gov.wales\)](#)) which provides a summary of the strategic impacts across a range of areas of impact and statutory requirements.

Financial Implications

None

Recommendation 2

As a result of reduced budgets it is even more vital than ever that the Welsh Government fully monitors the impact of all of its spending to ensure best value for money. An overview of this monitoring should be included in the next budget briefing that Ministers produce for the Economy, Trade and Rural Affairs Committee.

Response: **Accept**

The Welsh Government will continue to monitor expenditure closely, as we have done throughout 2023-24 in line with the principles set by the Welsh Government, ensuring Value for Money.

Financial Implications

None

Recommendation 3

The Welsh Government must make representations to the UK Government as soon as possible, and remain in regular discussion with the UK Government, to ensure the Sustainable Farming Scheme is funded by the amount Welsh Government estimate it will need to meet its ambitions for the Scheme.

Response: **Accept**

We continue to make strong representations to the UK Government and will do everything we can to ensure they provide the funding we need to support farmers and land managers.

The Welsh Government will continue to pursue, at least, the same total level of replacement EU funding for farmers and land managers from the UK Government as we will receive in 2024-25 baselined in our settlement. This should be inclusive of an inflationary uplift, recognising the inflationary pressures which have impacted the farming industry, as it has impacted other sectors and everyone in Wales, and placing the funding on a more sustainable footing. The Finance Minister has raised this issue with the Chief Secretary to the Treasury and it will form part of the discussions for the forthcoming UK Spending Review.

Recommendation 4

The Welsh Government must monitor spending on the Rural Investment Schemes and the results they are producing to ensure the best possible outcomes are achieved with the limited funding available.

Response: Accept

Officials closely monitor spending on rural investment schemes on a regular basis. As we are now subject to annualised budgets this is more important than ever to ensure we are making full use of the funding we have available and are in a position to allocate to other priorities should underspends occur. This is why I have overcommitted the funding I have available through this budget line, as there is inevitable variance in spend against predominantly demand-led schemes.

We are also monitoring the performance of all schemes to ensure they are delivering the outcomes we want to achieve. This will help us to learn lessons as we transition to the Sustainable Farming Scheme. We will draw on the evaluation of schemes supported as part of the Rural Development Programme 2014-20, which concluded at the end of 2023.

Financial Implications

None

Recommendation 5

The Welsh Government must closely monitor the maintenance and development of computer systems funded by the Single Payment Scheme Administration budget line, to ensure the reduced allocation does not adversely impact the delivery of current or future rural support.

Response: Accept

The latest proposals for the new SFS align closely with the current RPW operating model and IT systems in place. RPW will closely monitor the maintenance and development of IT systems to ensure the reduced budget allocation has minimal impact on the delivery of current and future schemes. RPW will prioritise the essential functionality required to enable all farmers to participate in SFS from 2025. Future system enhancements such as full system integrations for data sharing or mobile app capability will be considered over the SFS transition period as optional

and collaborative elements of the scheme are developed, depending on the available budget.

Financial Implications

None

Recommendation 6

The Welsh Government must monitor the impact of the reduction in customer engagement budgets on their ability to engage with farmers. They must also monitor the impact on farmers' ability to engage with Government and general understanding of the anticipated Sustainable Farming Scheme. If a negative impact is seen, the Welsh Government must consider increasing those budgets to enable a smooth transition to the new Scheme.

Response: Accept in principle

The Customer Engagement BEL is one of many mechanisms available to Welsh Government used to communicate with farmers.

The Farm Liaison Service is a trusted source of information to industry, and they will continue to be available to speak to farmers, sharing advice on Welsh Government policies, schemes, and grants. Farming Connect will also be available to provide free and subsidised advice to farmers. Where possible, as in previous years, my officials will look to develop promotional and communications material which can be used many times over and in many formats. We will continue to produce the seasonal updates, mailed directly to all BPS claimants, some 17,000 farming businesses. We will also continue to have a presence at key agricultural events; however, we will review how effective these events have been historically in terms of value for money and numbers of farmers engaged with.

Financial Implications

None

Recommendation 7

The Welsh Government should publish the full allocation for the Habitat Wales Scheme as soon as possible. As part of this publication the Welsh Government should set out how much the Habitat Wales Schemes allocation will differ from funding available under Glastir for agri-environment schemes.

Response: Accept

The final budget allocation to the Habitat Wales Scheme will not be available until after the deadline for accepting contracts. (29 February 2024) The total budget allocation will be confirmed once contracts have been accepted.

Financial Implications

None

Recommendation 8

The Welsh Government should publish further details on how the Habitat Wales Scheme will operate as soon as possible. This should include any economic modelling undertaken and further details on expected impact.

Response: **Reject**

The full details of the operation of the Habitat Wales Scheme are already published and available on the Welsh Government website at <https://www.gov.wales/habitat-wales-scheme-rules-booklet-html>. There was no requirement to undertake a full economic analysis as contracts naturally expire. However, the Glastir agri-environment scheme is currently undergoing a socio-economic evaluation and the results are expected in late 2024/early 2025.

Financial Implications

None

Recommendation 9

The Welsh Government should set out a plan for monitoring the impact of the Habitat Wales Scheme.

Response: **Accept in principle**

As with other agri environment schemes, the Habitat Wales Scheme will be monitored against a set of indicators and targets. These include the area of habitat, woodland habitat and SSSI land under management.

Financial Implications

None

Recommendation 10

The Welsh Government should set out a plan to monitor any underspend due to non-uptake or non-delivery of Habitat Wales Scheme contracts and what it might do with any funding to ensure it is fully used to achieve the objectives of the scheme.

Response: **Accept**

The budget for the Habitat Wales Scheme comes from the wider Rural Affairs budget. Any funding allocated to the Habitat Wales Scheme which is not utilised, as with other rural support schemes, will be re-allocated to other priorities aimed at

delivering on rural priorities and to support the transition to the Sustainable Farming Scheme.

Financial Implications

None

Recommendation 11

The Welsh Government should set out further details of the new Organic scheme, including a comparison between support for organic farmers offered under the new and previous schemes.

Response: Reject

Details of the Organic Support have been published on the Welsh Government website, <https://www.gov.wales/organic-support-2024-summary.html>. Final rules and guidance will be published within the Single Application Form (SAF) 2024 rules booklet.

Financial Implications

None

Recommendation 12

The Welsh Government should set out which programmes are likely to be paused as a result of the reduction to the “Promoting Welsh Food and Industry Development” budget line and the impact those pauses will have.

Response: Accept in principle

Financial Implications

The majority of the funding allocated to Food Division for 2024-25 will continue to deliver a range of industry support measures; to improve industry resilience and achieve sustainable growth of food manufacturing businesses. This will continue to support the objectives outlined in Vision for the Food and Drink industry from 2021, building on our success.

The food business team have made a series of savings across its projects and programmes. Key programmes will continue to be delivered but some activities will need to change and be scaled back in line with available funding.

The work of the International Business Team has been significantly scaled back, this means less trade development and only key priority events going forward in 2024-25 to progress the Food Vision and Strategy and prioritised on those events delivering the highest Return of Investment output ratios, and value for money being.

The budget for the Strategic Innovation Scheme has been reduced which will impact technological development, product and process innovation and cluster outputs achieved. The Welsh Government is working with contractors to determine what these impacts are likely to be.

The budget for the Food Business Accelerator Scheme (FBAS) has been paused. This Food Business capital grant scheme funded by the Rural Investment Scheme will not accept any further applications unless additional capex is identified. The result of this will impact the growth ambitions of businesses in Wales.

Food and Drink Businesses will be less able to respond to supply chain demand; and diversification priorities to identify, exploit and service existing and new markets.

The Sustainable Futures Programme for 2024-25 has been reviewed and re-focussed around the key Programme for Government goal to 'Embed our response to the Climate and Nature Emergency in everything we do'. Areas of work not going ahead will now include:

- Phase 2: Sustainable healthy eating campaign. This is part of the whole Decarbonisation agenda and links with Healthy Eating and Community Food.
- Video case studies of businesses demonstrating how we are improving sustainability practices.
- Publication of articles in the Grocer showcasing the sustainability progress being made in Food & Drink businesses in Wales.

The budget for the Community Food Strategy has been reduced for 2024-25, and the focus has shifted to bringing partners including Local Authorities, Health Boards, the Wales Future Generations Commissioner, Food Sense Wales and various NGOs together.

Further information

In addition to the responses above, Minister for Rural Affairs, North Wales and Trefnydd wishes to provide the Committee with the following information.

Fisheries Budget

The Fisheries budget (2870) has reduced by 22%, not 30%. The budget line 2830 is the budget used to co-finance the EU funding under the European Maritime Fisheries Fund (EMFF) 2014 – 2020 programme. All projects under the EMFF have to submit their final claims by March 2024, and will be paid from FY 23-24 budgets. There is no requirement for EU co-financing budget in the 24/25 FY, and the budget for the replacement scheme, the Welsh Marine and Fisheries Scheme (WMFS) is contained within the budget line 2870. However, the 22% reduction does not explain the full position. £800,000 of the £1 million pound reduction will be replaced with capital for funding Round 4 of the WMFS. This is in direct response to requests from stakeholders for a capital round and will be managed in-year from within the overall

capital allocation. This means the actual overall budget reduction is £200,000 which is approximately 5% of the overall revenue budget for Fisheries.

Farming Connect Budget

During Committee, we agreed to confirm the final budget allocation for Farming Connect in 24-25 FY, the final year of the 2-year contract. This figure is £11.3 million.

Recommendation 13

The Welsh Government should set out how each of the four priorities in the economic mission have shaped budget allocations, either in the overarching budget narrative or in the Minister's paper provided ahead of budget scrutiny in the future.

Response: Accept

Links to the Economic Mission and the four national priority areas will be set out ahead of budget scrutiny in the future, highlighting how the approach is helping to shape economic priorities to deliver cross-government working.

Financial Implications

None

Recommendation 14

Given the recent announcement of potential job losses at Tata Steel and the concern around recent closures of small and medium-sized businesses, the Welsh Government should provide certainty for workers who are facing redundancy that they will be able to access its support programmes. It should confirm its intention to reprioritise funding within the Economy Main Expenditure Group so that ReAct+ has sufficient funds. It should also confirm how much funding will be required to do this once a final decision has been made in relation to the future of Tata Steel. The Welsh Government should also review which parts of the Economy budget could be reprioritised to support an increased allocation.

Response: Accept

Funding will be reprioritised to ensure ReAct+ is able to support people who are facing redundancy.

Financial Implications

Activity will be delivered within the Economy Main Expenditure Group allocation.

Recommendation 15

The Minister should write to the Committee setting out exactly what areas of Business Wales work will be scaled back, paused or stopped as a result of the reduction in funding, and the anticipated impact of those reductions in service.

Response **Accept**

The Business Wales service has been refreshed to reflect the 20% reduction in funding. As a result, the service has been streamlined and efficiencies made through new delivery contracts and the end of EU funding, reducing the administrative pressure on delivering the service but not impacting on the number of entrepreneurs and businesses the service is able to support on an annual basis. Any further cuts would result in the service's ability to support the same volume of entrepreneurs and businesses on an annual basis.

However, the reduction in funding has required the service to be more digital first in the way it operates by ensuring that bespoke and up to date learning tools are available to entrepreneurs and SMEs across Wales through the Business Online Support Service before they access wider face to face provision.

The reduction in the budget also restricts the ability of the service to undertake bespoke and / or pilot programmes aligned to the Programme for Government as it has done in previous years and will not have the ability to react and where appropriate to support and fund key projects within the wider sector which could be deemed as aligned or providing added benefit to the service and wider Welsh Government service provision. However should further budget become available the contracted provision contains significant cover to extent delivery

The reduction in funding does however impact on the funds and resources and available to spend on marketing and promoting the service across Wales and among the wider ecosystem via key events.

Business Wales provides a wide range of support to help new entrepreneurs, existing micro-businesses and SMEs to build more resilient businesses and develop their business practices. The service aims to improve productivity and stimulate business growth in an inclusive and sustainable way, through improved investment, export and the creation of good quality employment.

Business Wales provides entrepreneurs and businesses with access to a wide range of impartial information, advice and guidance to help them start and grow. Support includes general business advice; equality and fair work; resource efficiency; international trade; mentoring and digital exploitation. Bespoke support is also provided to help businesses access more procurement opportunities; improve marketing and sales; access finance; employment, HR and skills advice.

Business Wales plays a key part in ensuring that entrepreneurs and businesses can navigate the business support landscape here in Wales to access the most appropriate support for them. Alongside wider Welsh Government support, Business Wales plays an active role in stimulating entrepreneurship and business growth. Business Wales works with other ecosystem partners from academia, corporate, finance and entrepreneurs themselves to create a more visible and connected ecosystem of support here in Wales.

Through five key themes of work, Business Wales provides support to businesses via:

- Digital and helpline service provides a fully bilingual, accessible point of contact offering a full range of information and guidance for entrepreneurs and businesses. This provides impartial tailored information and resources to help navigate business support. The Sell2Wales procurement portal promotes opportunities for businesses to access and win public sector contracts.
- Business Wales supporting entrepreneurs and business start-up inspires and develops the capability of entrepreneurs by developing a culture of entrepreneurship and business start-up in Wales focussing on reaching out to young people in education and those under 25 years, adults who are considering starting their own business, and targeted outreach for individuals underrepresented in business start-up and society.
- Business Wales development and advisory support builds the confidence and resilience of the business community in Wales through the provision of dedicated advice, support and focussed relationship management. The service provides advice and specialist support in a breadth of helping businesses create opportunities for employment, access finance, seek new markets and improve business practices and their productivity.
- Business Wales Accelerated Growth programme provides tailored business support, relationship management and specialist coaching for selected pre-revenue and established businesses that can demonstrate the aspiration and potential to achieve high growth. High growth support is delivered by highly skilled coaches and mentors and is supported with a suite of dynamic online high growth tools.
- Social Business Wales provides a dedicated, collaborative specialist service for social enterprises focused on achieving the outcomes as set out in the ten-year Vision and Action Plan 'Transforming Wales through social enterprise'. This includes one-to-one business support, to eligible new start and growth social businesses, dedicated employee ownership support and peer mentoring support.

The Development Bank of Wales works alongside Business Wales and helps Welsh businesses get the finance they need to strengthen and grow and provides loans from £1k to £10m as well as mezzanine, and equity funding. They also help businesses find the right finance partner to leverage in private finance with its own gap finance when necessary.

The Development Bank of Wales has a range of funds available for Welsh businesses including:

- The Wales Micro Loan Fund which provides loans to small businesses, sole traders and social enterprises based in or willing to move to Wales.

- The Wales Management Succession Fund which provides management teams with the funding they need to buy established Welsh SMEs when their current owners retire or sell up.
- Wales Flexible Investment Fund which offers a potential debt-based funding route for employee buyouts.
- The Green Business Loan Scheme which helps businesses reduce their carbon emissions and save money on their energy bills.

Financial Implications

The budget is limited to the core requirements within the Business Wales service contracts. This limits the resource people and advice to support businesses to the agreed outcomes for delivery.

Recommendation 16

The Welsh Government should share its analysis of the impact of the reduction in business rates relief for retail, leisure and hospitality businesses with the Committee. This should include the number of businesses affected, and how much relief they will be losing.

Response: Accept in principle

The Welsh Government is investing an additional £78m to provide a fifth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills in 2024-25. Over 26,000 non-domestic properties used by these businesses across Wales will be eligible for this relief. This builds on the almost £1bn of support provided since 2020-21. The decision to provide further relief is intended to support businesses in these sectors to continue their recovery from the impact of economic challenges they have faced over recent years.

Non-domestic rates liability is a predictable contribution to the funding of local services, which businesses plan for. This temporary relief would not exist by default and was never intended to continue indefinitely. The impact of providing further relief at any level will, therefore, be positive for businesses in reducing this routine cost.

Financial Implications

There are no new financial implications associated with this response. The Welsh Government has already allocated £78m in the Draft Budget for 2024-25 to fund continued relief via the Local Government Ministerial Expenditure Group.

Recommendation 17

The Welsh Government should clarify how many businesses it anticipates will be supported by the £20 million capital grant, and how it will ensure that businesses most affected by the loss of business rates relief will benefit from the capital grants.

Response: Accept

The new £20m capital fund for 2024-25 will provide support to help retail, leisure and hospitality businesses future-proof their businesses. The fund is still in development and we will provide full details on eligibility and how we will target businesses most affected by the loss of business rates relief well in advance of the fund opening.

Financial Implications

As outlined above

Recommendation 18

The Welsh Government must closely monitor the impact of the reduction in business rates relief and if it is having a more severe impact than expected it should act promptly to remedy this.

Response: Reject

Further to the response to Recommendation 16, the Welsh Government is providing further non-domestic rates relief for retail, leisure and hospitality businesses in the context of the toughest financial situation we have faced since devolution. The Draft Budget for 2024-25 is worth £1.3bn less in real terms than when it was set in 2021. Increasing the level of relief available is, therefore, unaffordable. For example, providing 75% relief would cost the Welsh Government an additional £50m, on top of the £78m already allocated for this purpose. We have had to make some very difficult decisions to refocus funding towards core, frontline public services which we all rely on.

Financial Implications

There are no new financial implications associated with this response. A commitment to increase the level of relief beyond that already announced would not be affordable.

Recommendation 19

The Welsh Government should provide clarity on what financial support it is providing to the Foundational Economy across different ministerial portfolios in 2024-25, and how this compares to 2023-24.

Response: Accept in principle

The financial support for the Foundational Economy provided through the Economy budget on 2024-25 amounts to £1m, down from £3m in 2023-24. Of this allocation, £0.500m has been provisioned to commission Business Wales to work on new Foundational Economy priorities linked to Energy, Housing and Transport. This in no way diminishes our focus on the Foundational Economy and other ministerial

portfolios across Welsh Government will be supported to mainstream good practice into their activities.

Financial Implications

Activity will be delivered from within the stated Foundational Economy budget allocation, a part of the Business Wales budget expenditure line.

Recommendation 20

To aid scrutiny of the Welsh Government's support for the Foundational Economy and provide clarity on the work in this area being undertaken across government, the Welsh Government should publish an updated Foundational Economy Delivery Plan similar to the one produced towards the end of the last Senedd. The Welsh Government should update the Committee on progress with supporting the foundational economy on an annual basis.

Response: Accept in principle

Further to my Oral Statement of 6 December, officials are preparing plans for Foundational Economy action relating to Energy, Housing and Transport. Different from the document published in 2021, the plans will also incorporate information from departments which have already mainstreamed Foundational Economy approaches and how they will be supported to maintain momentum. It is intended that these plans will be published as early as possible in the new financial year. The plans will be reviewed against delivery to help inform and track progress against stated objectives and this information will be published.

Financial Implications

Publication of the plans will not create any new financial implications and will be drawn from funded activities from within the Foundational Economy budget and capture wider endeavours from across Welsh Government.

Recommendation 21

The Welsh Government should provide further information on the take-up of the Development Bank of Wales Green Business Loan Scheme. As part of this they should provide:

- Information about how the level of demand for support has been factored into the budget allocations
- Clarify whether the size of the Scheme has increased from the initial £10 million; and
- Set out how many businesses are being supported and are expected to be supported in future by the scheme.

Response: Accept in principle

This is a pilot scheme in purpose of which is to understand the nature of demand in a new delivery area.

While demand for the Green Business Loan Scheme has been strong, the nature of that demand has differed from original expectations. The trend has been for larger, rather than smaller, projects.

The Development Bank has deployed circa £5m of capital into lending through this scheme in the current financial year. We expect this level to be sustained in FY2024-25. To date the Wales Green Business Loan Scheme (GBLS) has provided £4.35m of investment (Average loan size £251k) to 18 businesses, creating/ safeguarding over 1,100 jobs.

Business Type:

The sectors these businesses are in are:

- 3 -Accommodation
- 3 -Real Estate Activities
- 2 -Manufacture of food products –
- 1 -Land transport and transport via pipelines
- 2 -Wholesale trade, except of motor vehicles and motorcycles
- 1 -Gambling and betting activities
- 2 -Sports activities and amusement and recreation activities
- 1 -Crop and animal production, hunting and related service activities
- 1 -Manufacture of other transport equipment
- 1 –Personal services

Location:

The Unitary Authorities these businesses are located in are:

- 3 Cardiff
- 1 Newport
- 1 Caerphilly
- 2 Torfaen
- 2 Swansea
- 3 Powys
- 1 Isle of Anglesey
- 1 Gwynedd
- 1 RCT
- 1 Vale of Glam
- 2 Pembrokeshire

Scheme Supported:

The schemes supported are: -

- 16 Renewable Energy - Solar PV

- 1 Cooling/Heating/Hot Water
- 1 Other- manufacturing process

Likely impact – on money, carbon for the 18 investments made to date, the forecast impact is:-

- Carbon lifetime tCO₂e saving – 24,787.
- Annual estimated annual cost saving - £1,046,967 saving, energy generation.

Financial Implications

The budget arrangement for this activity is impacted by ongoing discussions with HMT on the handling of the bank's budgets following the classification exercise undertaken in 2021. Currently the capital required for this scheme is drawn from the £500m Wales Flexible Investment Fund, within which this Scheme now sits.

Recommendation 22

The Welsh Government should write to the Committee outlining its analysis of the impact of the cuts to the Apprenticeship budget in the Draft Budget 2024-25

Response: **Accept**

The Strategic Integrated Impact Assessment (SIIA) outlines the impacts of budget decisions, which is available at [WG SIIA Draft Budget 2024 to 2025](#). Alongside this, the responses of individual Ministers to their respective policy committees with the associated consideration of impacts is available at [WG Draft Budget 2024-25 web page](#).

Financial Implications

None

Recommendation 23

The Welsh Government should write to the Committee setting out how many apprenticeship starts the apprenticeship target is for this Senedd term and how the Government plans to meet it.

Response: **Accept**

We anticipate at least matching the target achieved in the last Senedd term of 100,000. The number of starts recorded was 112,595.

Working in partnership with the apprenticeship network we will continue to promote and prioritise quality apprenticeships including those in higher level, more technical sectors - moving Wales towards apprenticeships in STEM and net-zero preparedness.

We will likewise continue to promote the benefits of quality apprenticeship routes to employers and learners, particularly for young people who have most to gain from starting a career thereby supporting the Young Person's Guarantee.

Financial Implications

None

Recommendation 24

The Welsh Government should closely monitor the impact of the reduction of the Export, Trade and Inward Investment budget line and keep the Committee informed of any impact this has.

Response: Accept

The Welsh Government will continue to monitor activity deliverable and the associated outputs of that delivery. We will inform the Committee about the impact of budget reductions against our activity to deliver the Export Action Plan.

Financial Implications

None

Recommendation 25

The Welsh Government should write to the Committee to provide more detail on activities under the Export Action Plan, including to confirm which of its short and medium-term actions have been delivered and which will be delivered against the 2024-25 budget.

Response: Accept in principle

The Export Action Plan is a five-year plan. The vast majority of actions in the Export Action Plan are all ongoing and actions against all of its key themes will be delivered during 2024-25 to drive growth in Welsh exports. I will update all members in due course on the progress being made to deliver the Export Action Plan.

Financial Implications

None

Recommendation 26

The Welsh Government should keep the Committee informed of its participation in trade missions.

Response: Accept in principle

Details of all trade missions/trade exhibitions with Welsh Government participation are published online via the Business Wales Export Zone. The Committee can view

these on the Business Wales platform at:
<https://businesswales.gov.wales/export/overseas-events>

Financial Implications

None

Recommendation 27

The Welsh Government should write to the Committee explaining how planned activities for Border Control Posts are divided between the Strategic Evidence, Monitoring, Borders and Intergovernmental Monitoring budget line in the Rural Affairs main expenditure group, and the Border Controls line in the Economy main expenditure group.

Response: **Accept**

Although Welsh Government staff work on borders policy in a number of ministerial portfolios, the costs for the Programme to deliver Border Control Posts in Wales are funded through the Economy main expenditure group, Borders Control BEL3730.

Financial Implications

None

Recommendation 28

The Welsh Government should write to the Committee to provide an update on whether the Welsh and UK governments have reached a resolution on funding for Border Control Posts.

Response: **Accept**

The UK Government has agreed to fund the necessary build costs of our Border Control Posts, subject to business cases. However the Treasury has refused to fund revenue costs, including the local staff to conduct the documentary checks and physical checks. This is a particular issue before charges start. We have not reached resolution with the UK Government on this issue.

Financial Implications

None

Recommendation 29

The Welsh Government should write to the Committee to confirm what the impact of a possible resolution with the UK government regarding funding Border Control Posts is on draft budget allocations, including the £6.4 million of reserves allocated by the Welsh Government to cover costs while funding issues are resolved with the UK Government.

Response: **Accept**

HM Treasury has agreed, subject to business cases, to fund the capital costs of building the Border Control Posts in Holyhead and the Pembrokeshire ports. Given the UK government's refusal to fund revenue costs, the budget includes £6.4m revenue funding in 2024-25: the major components are local authority staff involved in the document checks and preparing for physical checks, and Welsh Government staff working on the programme.

Financial Implications

If HM Treasury were to agree to reimburse these costs, additional funding would be available for Welsh Government priorities.

Recommendation 30

The Welsh Government should clarify to the Committee what proportion of the £6.4 million of reserves it expected to receive from the UK Government. It should also confirm whether this amount has changed following intergovernmental discussions as a result of the UK Government's decision not to fund aspects of Border Control Posts, as described by the Minister.

Response: **Accept**

The Welsh Government had expected that HM Treasury would fund the revenue costs associated with the borders programme, most notably the local staff to conduct documentary and physical checks before charging begins. We had therefore anticipated that the UK Government would fund the full £6.4m.

Financial Implications

The cost projections for 2024-25 continue to evolve, as they depend on a number of decisions yet to be taken, not least the start date for physical checks, the details of the Common User Charge and the operating contract for the Holyhead BCP.

Recommendation 31

The Welsh Government should write to the Committee to confirm if there are any planned costs in 2024-25 relating to the implementation of post-Brexit international trade agreements, including implementation, trade missions and Ministerial overseas travel.

Response: **Accept in principle**

FTA implementation is being taken forward through both the day-to-day work of the trade policy team and broader integration into our wider business facing activities. It is not possible to currently separate costs to implement FTAs from business-as-usual activities. Should the trade policy team undertake any specific activity that incurs significant costs, in order to implement a trade deal, we will write and inform the committee of the costs of this activity.

The Welsh Government's considers the opportunities arising from post Brexit international trade agreements amongst a range of factors when designing its annual programme of Trade Missions. We will inform the committee of any costs arising in the delivery of planned Trade Missions to markets where post Brexit trade deals are a primary consideration.

Financial Implications

None. Any additional costs will be drawn from existing budgets.