



Andrew RT Davies MS
Chair
Economy, Trade and Rural Affairs Committee

20 January 2025

Dear Andrew,

I write in response to your predecessor's letter seeking further information on points raised during the ETRA Committee session on The Future of Welsh Steel held on 20 November.

Your letter sets out five points for clarification which I address in this letter.

The Future of Welsh Steel

- *Could you set out what preparations are in place to respond to a potential increase in demand for the Welsh Government's support initiatives available for workers, business and the supply chain over the coming months?*

Employability and Skills Support

As a result of ongoing discussions with Tata and the likelihood of redundancies during 2024-25, an additional £4.75m was agreed by Cabinet between Draft and Final budgets 2024-25 to support the steel industry through our ReAct+ and other key employability programmes including Jobs Growth Wales+ and Communities for Work +.

With the draft budget 2025-26 based on the final budget for 2024-25, this £4.75m has been retained within the Employability including YPG BEL (4464) baseline and therefore will be available to support demand through the ReAct+ programme in 2025-26.

The ReAct+ programme is designed to be nimble and flexible in times of large redundancies and it is operationally ready to respond to potential increases in redundancies.

As of 01 January 2025, participant eligibility for Communities for Work + has been expanded to allow more flexibility to support people affected by redundancy. It now offers support to:

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

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

Gohebiaeth.Eluned.Morgan@llyw.cymru
Correspondence.Eluned.Morgan@gov.wales

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

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

- Individuals who have been made redundant within the last 6 months.
- Individuals in receipt of a notice of redundancy with a confirmed leaving date of employment.

These changes allow Communities for Work + to work effectively alongside ReAct+ and other interventions including the Employability Support Fund and ensures that its individualised employability mentor support is available to all those affected from neighbouring local authority areas.

Through the Wales Union Learning Fund (WULF) Community Union received an additional £25k funding at the end of 2024 to help meet the demand in training from those workers who were not eligible for the UK Government Transition fund at the time that the training was needed. Looking forward, the overall WULF budget has been uplifted for 2025-26 following the funding cut introduced for this current year, 2024-25.

Supply Chain Support

Launched on 30 September 2024, the Supply Chain Transition Fund (Fund) is focused exclusively on supporting businesses that are reliant on Tata Steel UK and impacted by the blast furnace closures. Funded by the UK Government, the Fund will be delivered by Neath Port Talbot County Borough Council (CBC), delivering the grant funding support in partnership with the Welsh Government's Business Wales service, who will manage business support and advice for impacted businesses.

Businesses that are currently 30% reliant on Tata Steel UK are able to access dedicated support to mitigate the impact on the business and onward supply chains.

Business Wales will provide the initial triaging of supply chain businesses, captured via a digital eligibility checker. An in-depth business diagnostic will be undertaken to understand and assess the impact of the loss to the business. The Fund will also provide bespoke specialised support to assist in managing the change, that is over and above the existing Business Wales service offer, to benefit Tata Steel UK's supply chain businesses.

The Fund will be flexible in response to demand and prioritise firms associated with the Tata Steel UK supply chain that are perceived to be high-risk and facing challenges.

Eligible businesses across a range of sectors can apply, however those operating in manufacturing, engineering, fabrication, ICT, construction and renewable energy will be prioritised.

The grant funding will also consider longer term opportunities for major investments in the area including the introduction of the electric arc furnace at Tata Steel UK; developments by Associated British Ports including floating offshore wind at the Celtic Freeport; and hydrogen technology at Baglan Bay. It will help businesses optimise opportunities and mitigate the impacts of the transition and assist supply chain development, positively contributing to the realisation of UK, Welsh and local government's longer-term vision for Neath Port Talbot.

On 19 December 2024, funding for the Business Growth, Resilience and Start-Up Fund was announced by the UK Government. The objective of the 'Business Growth Fund' will be to introduce specialised grant packages to those businesses seeking to

increase their role in the local economy, the 'Resilience Fund' will focus on supporting local businesses who have been impacted by the Tata transition but were not eligible to apply for support via the Supply Chain Fund. Finally, the 'Business Start-Up Fund' will enable Tata steelworkers, their immediate families and others in the supply chain to receive business advice and financial support.

Welsh Government will enhance the current Business Wales service to manage enquiries from individuals facing redundancy interested in starting their own business and from businesses in the impacted area that need to improve their resilience or present opportunities for growth and employment. Business Wales will provide a single point of entry, for advice to support business start-up and help existing business build resilience, access new markets, stimulate improvements in productivity and business growth.

Business Wales will triage clients for business support, undertake relevant business planning support and work with Neath Port Talbot CBC to determine the potential to meet grant eligibility, support preparations for applications, and make appropriate referral for grants.

Mental Health and Wellbeing Support

Welsh Government officials and colleagues in Swansea Bay University Health Board continue to be engaged in the transition arrangements to ensure those affected know what support is available and how to access it. This information is included on the online Hub developed to make it easier to find and access support. The Sorted:Supported website has also been established to make finding mental health support easier: [Home Page - Sorted Supported](#). The health board continues to monitor any changes in demand/need for mental health services and we are also monitoring 111 press 2. Public Health Wales is undertaking a health impact assessment to help services to predict future needs and to inform longer-term planning.

- *Could you set out what data is currently being collected, and what further data is planned to be collected, in relation to access to the support being delivered by the Welsh Government?*

Employability and Skills Support

The ReAct+ programme collects data from grant applicants through the Working Wales Careers Action Plan (all applicants receive impartial advice and guidance from Working Wales), the ReAct+ online portal, and participant surveys. Data collected includes for example previous employer, work history and experience; qualifications and current skills; skills needs of each applicant; training courses to be undertaken and participant background data (including disability status and ethnicity). An independent evaluation of the ReAct+ programme is planned for later this year and the organisation undertaking the evaluation will be asked to consider Tata and Tata-related redundancies specifically.

Communities for Work + also collects a wide range of data relating to participant background including, for example, participant circumstances upon engagement and outcomes achieved (including sector relating to 'into employment' outcomes). In line with changes to eligibility this will include collecting data regarding the receipt of redundancy notice where appropriate.

For the WULF, a number of achievements against agreed targets are collected on an annual basis, mainly relating to support for learners. Within Tata, 618 learners have completed accredited qualifications and non-accredited learning this financial year (2024-25) to date.

Supply Chain Support

As part of the funding agreement, the UK Government have set out a Monitoring and Evaluation framework that will outline the data to be collected and reported in relation to all Funds. Business Wales and Neath Port Talbot Council will collect data relevant to their intervention which will be used to produce quarterly programme performance reports for UK Government. Welsh Government will collect and process data in line with the Business Wales's [Privacy notice](#).

Future investment in Port Talbot and the surrounding areas

- *How are you working alongside the UK Government and business to secure opportunities for Welsh steel to be used in the floating offshore wind turbines that will be needed in the Celtic Sea over the coming years?*

There has been positive and early engagement between the Prime Minister, the Secretary of State for Wales, and the Secretary of State for Business and Trade on the development of the UK Government's Industrial Strategy. This includes the potential role that green steel and Floating Offshore Wind (FLOW) in the Celtic Sea can play in delivering long-term, sustainable, inclusive, and resilient growth. This engagement is ongoing prior to the strategy being published in the Spring.

The first of four Short Term Reviews I have commissioned to accelerate the delivery of our Economic Mission, focuses on FLOW and has brought together external expertise with practical business experience to drive forward progress in this area. The review is due to be complete in the Spring, but intelligence has already fed directly into our engagement with UK Government. It is clear that securing investment in both steel and ports is fundamental to maximising the opportunities for the FLOW supply chain, not only in relation to wind turbines in the Celtic Sea but across the UK and the potential to open up opportunities for exports. It is also worth mentioning the strong interconnection with the steel industry and other high growth sectors identified within the Industrial Strategy such as advanced manufacturing including aerospace and Automotive.

It should, however, be noted that steel is only part of the story with respect to securing opportunities within the FLOW supply chain. There are significant other barriers which will need to be overcome in partnership with the UK Government if these ambitions are realistic and achievable. Progress on how to resolve complex issues around regulation, energy prices, grid connections, and other key infrastructure will be challenging.

On 07 January I announced the creation of the Offshore Wind Task and Finish Group made up of key sector leads and relevant stakeholders. The Group will provide a detailed assessment of the deliverability of offshore wind for Wales, identify priority areas to secure economic and social change across our coastal communities and wider economy and will develop a clear plan with concrete actions and timescales to maximise the opportunities for Wales from offshore wind.

- *We note that the tax sites for the Celtic Freeport have recently been designated, and that the UK and Welsh governments have approved the Outline Business Case. Could you set out the likely timescales for completing the remaining stages before the freeport becomes fully operational, and confirm what discussions you have had about investment in the freeport sites?*

With its tax sites designated, the Celtic Freeport is now formally operational as businesses on the sites can qualify for tax relief. We are currently supporting the Freeport to complete its Full Business Case and are preparing the Memorandum of Understanding (MoU) which, when signed off, will allow us to start releasing seed capital funding to the Celtic Freeport for infrastructure and skills projects. We are aiming for MoU sign-off in Spring 2025.

My officials, along with counterparts in the UK Government, have worked closely with the Celtic Freeport on the development of its Trade and Investment Strategy. This work is now moving towards implementation with officials supporting the Freeport to market business opportunities and attract investors with the goal of bringing good quality jobs to Port Talbot, Milford Haven and surrounding areas.

- *The Celtic Freeport and floating offshore wind are anticipated to deliver benefits over the longer-term. Could you set out you are working together with the UK Government to bring investment and sustainable, well-paid jobs to Port Talbot and the surrounding areas over the interim period?*

As stated above, the first of four Short Term Reviews I have commissioned to accelerate the delivery of our Economic Mission, focuses on FLOW. The review to date has highlighted the need to secure a pipeline of projects in the interim period for existing businesses located within Port Talbot and the surrounding area which we hope will go on to secure opportunities within the FLOW supply chain in future years.

Yours sincerely,



Rebecca Evans AS/MS

Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio