



Wales Office  
Swyddfa Cymru

Ref: 010SOS25

**Rt Hon Jo Stevens MP**  
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**Paul Davies MS**

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25 February 2025

Dear Paul,

**Re: The future of Welsh Steel**

Thank you for your letter and for the opportunity to discuss the future of Welsh Steel with the Committee on 20 November 2024.

Since I spoke to the Committee, the Secretary of State for Business and Trade published a Green Paper on 16 February to inform the development of the Steel Strategy. The Strategy will establish a clear and ambitious long-term vision for the steel industry rooted in establishing competitive business environment in the UK with the aim of attracting new private investment to expand UK steelmaking capability. I urge all interested parties to respond to this ahead of the 31 March deadline.

**Transition Board funding**

You asked about preparations to respond to an increase in demand for the support initiatives available for workers, business and the supply chain.

In my role as Chair of the Tata Steel UK / Port Talbot Transition Board I announced in December 2024, shortly after I attended your Committee session, the doubling of funding to the Employment and Skills and the Supply Chain Transition Funds to up to £30 million to meet current and anticipated demand during the remainder of 2024/25 and during 2025/26. Prior to this, as I mentioned to the Committee, in November of 2024 I also announced a £13 million Business Start-Up, Growth and Resilience Fund, which is now live for applications, with thanks to partners in Business Wales.



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Early this month I also announced the first growth and regeneration project to be supported by £8.2 million Transition Board funding. The South Wales Industrial Transition from Carbon Hub (SWITCH) project will help build on South Wales's steels and metals innovation with the development of a new facility to help industry in the region create a low-carbon future, and will support over 100 jobs.

You also asked for an update on what data is currently being collected and what further data is planned to be collected in relation to the support available.

To ensure interventions serve local people and provide value for money a 'Monitoring and Evaluation Framework' has been agreed between UK Government, Welsh Government and Neath Port Talbot Council in their roles as the accountable bodies responsible for the funds. As part of this framework, a formal quarterly reporting process has been established to collect and evaluate data. This includes:

- *Employment and Skills Fund:*
  - Types of intervention delivered e.g. training type and qualification level.
  - Information on outcomes following the training course/accreditation e.g. how many people were able to find new employment.
- *Supply Chain, Business Start Up, Resilience and Business Growth Funds:*
  - Nature of support provided – e.g. business grant, advice etc.
  - The outcomes from the provided support e.g. number of jobs safeguarded, number of businesses set up etc.

Further data and intelligence to support an independent evaluation of the programme at the relevant point will be sought from DWP (e.g. TSUK workers that become benefit claimants/move into new employment) and HMRC respectively. The key economic impact indicators to be measured will include:

- Local rates of unemployment/disability benefit/inactivity/retirement
- Average/median local wages
- Rates of self-employment
- Industrial composition of local economy
- Business outcome indicators – e.g. GVA, business birth and death rates etc
- Health and wellbeing indicators

### ***Floating Offshore Wind***

You also asked about how the UK Government is working alongside the Welsh 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.

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The UK Government, alongside the Welsh Government, recognises the opportunities floating offshore wind presents for Wales. We are fully supportive of The Crown Estate's Leasing Round 5, which will bring up to 4.5GW of floating offshore wind in the Celtic Sea in the 2030s. This work will be strengthened by the partnership between The Crown Estate and Great British Energy. This has the potential to leverage up to £60 billion of private investment into the UK's drive for energy independence, boosting ports and clean energy supply chains.

Last year, The Crown Estate launched a £50m Supply Chain Accelerator Fund to catalyse UK supply chain capacity and capability for offshore wind. The Crown Estate confirmed that funding will proceed for 13 diverse projects that can support FLOW in the Celtic Sea.

The UK Government's £160 million Floating Offshore Wind Manufacturing Investment Scheme (FLOWMIS) is providing grant funding to support the development of port facilities for large-scale floating offshore wind deployment. Port Talbot is on the FLOWMIS primary list, meaning we are taking the project forward for detailed due diligence, subsidy control assessment and negotiation of grant terms. Subject to the outcome of this process, final grant offers are expected in the coming months.

The UK Government's Steel Green Paper makes clear the opportunity for the Welsh steel industry to provide plate steel and other products for the offshore wind market. We are committed to working collaboratively with the Welsh Government in growing the steel industry in Wales, which is why we have re-established the Steel Council.

## **Celtic Freeport**

You asked when the Freeport will become fully operational as well as plans with the Welsh Government for investment in the Freeport sites and the creation of sustainable, well-paid jobs.

The Celtic Freeport is a flagship example of the UK Government working hand-in-glove with the Welsh Government in driving investment and jobs into South Wales. The Freeport aims to generate £5.5 billion of new investment, create 16,000 jobs by mid-2030 and increase GVA by £900 million by 2030.

The Freeport is already open for business following the activation of two tax sites in November 2024. My officials are working closely with the Welsh Government, DBT, Office for Investment, the Freeport and individual investors to create new well-paid jobs. UK Government and Welsh Government officials are working at pace to appraise the Full Business Case so that the Freeport will become fully operational in the very near future. I have also met with the Celtic Freeport to discuss their investment

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objectives and am assured by the level of interest shown by investors, including active discussions underway to secure deals.

I hope this information adds further detail to my responses at the Committee and provides answers to your additional questions.

I am copying this letter to the Cabinet Secretary for Economy, Energy and Planning.

Yours sincerely,

**Rt Hon Jo Stevens MP**  
Secretary of State for Wales  
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