



David Rees MS
Chair, Committee for the Scrutiny of the First Minister

24 February 2025

Dear Chair

I am writing in response to your letter of 9 January asking for an update on the following areas which we were unable to cover during the scrutiny session.

I have answered each question individually.

Wales and the World

1. What assessment, if any, has been made of the impact on the Welsh Government and higher education institutes of potentially granting Hong Kong B(NO) visa holders home fee status?

Holders of the British National Overseas visa will become eligible for student support and fee protections after becoming settled and having three years ordinary residence in the UK and Islands. These are the same conditions that all those who are settled in the UK must meet. However, in recognition of the unique position of those with this visa, Wales' status as a Nation of Sanctuary, and the complexity of immigration policy, the Welsh Government is reviewing policy ahead of the 2026/27 academic year.

2. Whilst the Committee welcomes the contribution of the Welsh Government to the DEC appeal, and Plenary statements it has made about the conflict in Gaza, what is the Welsh Government doing to ensure its views on the matter are expressed to a wider global audience?

Foreign affairs are non-devolved, therefore, the Welsh Government does not actively express its views on the Middle East conflict to a wider global audience, beyond the methods set out above, as this is a matter for the UK Government.

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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.

3. What is the Welsh Government's strategy on the development of green hydrogen?

The Welsh Government fully acknowledges and continues to support low-carbon hydrogen within a necessary future energy mix to decarbonise our energy sector, industry, and the wider Welsh economy.

The Welsh Government has already developed several pathways relating to hydrogen in the form of the early issue of the [Hydrogen in Wales Consultation](#) (December 2020), and the formation of [Net Zero Industry Wales](#), to support the decarbonisation of Wales' wider industry and the industrial clusters of [SWIC](#) and [NEWID](#). In north Wales the Welsh Government has provided £1m to the [Holyhead hydrogen hub](#) supporting the development of green hydrogen production, and we continue to work with regional partners such as Ambition North Wales and local authorities, on how we can support the acceleration and deployment of hydrogen infrastructure across north Wales which includes Hydrogen Transport and Industrial Decarbonisation projects. Our [HYBRID SBRI](#) decarbonisation innovation programme (currently in Phase 2) is also supporting hydrogen deployment feasibility and demonstrator projects in all Welsh regions, including southwest Wales. We continue to work with, collaborate, and form alliances with multiple developers, stakeholders, and operators.

Our preferred Hydrogen policy will shortly be subject to public consultation in the first quarter of 2025. The outcome of that consultation will further inform our proposed intent and support the formulation of our wider strategy in the development of green hydrogen and all other forms of low-carbon hydrogen, which align with our statutory duties towards net-zero.

4. As a consequence of the Welsh Government relationships with other countries and/or overseas businesses, what inward investments have been committed to Wales and how is that investment being assessed?

The Welsh Government recognises the crucial role that foreign direct investment (FDI) and inward investment play in driving economic growth in Wales. Companies investing in Wales contribute significantly by providing good wages, boosting productivity, fostering R&D, and enhancing export potential. A key objective of our International Strategy, published in 2020, is to attract inward investment to Wales.

The attraction and support of foreign direct investment has been one of a range of economic policy interventions that has sought to facilitate economic growth and prosperity in Wales. Foreign owned companies play a critically important role in wealth creation and are seen to have a disproportionate impact on the Welsh economy. For example, the latest ONS figures (2023) show that, whilst only 4% of local businesses are foreign-owned, around 36% of business turnover in Wales is generated by foreign-owned Multi-National Enterprises (MNEs) and the proportion of local business employment accounted for by foreign-owned MNEs in Wales is around 13%.

Since the International Strategy's publication in 2020, published results show that there were more than 215 investment projects from foreign-owned companies, which have created, retained and/or safeguarded more than 20,000 jobs, with at least £4.1 billion of associated capital investment. However, not all companies choose to disclose the total capital amount of their investment, so the actual figure is likely to be higher. In 2020, the number of foreign-owned companies in Wales was 1,315, whereas the latest figures available (2023) show that Wales is home to more than 1,480 foreign-owned companies, employing almost 175,000 people.

The inward investment results for the UK are published on an annual basis by the Department for Business and Trade (DBT) and these include the results for Wales. These results contain information about the number of investments made and the number of jobs created and safeguarded per region. The report also sets out the type of investment (new, expansion, retention, merger or acquisition).

In addition to these annual published results, the Welsh Government maintains detailed internal records which show the investing country, where these investments were made in Wales, the sector and the reasons for investment; however, due to commercial confidentiality reasons, and because the annual inward investment figures are classified as Official Statistics, we are unable to publish detailed levels of information beyond that provided by DBT. Instead, we use this information to monitor levels of investment into Wales, where it originates and the type of investment. This allows us to identify trends, our regional strengths and market Wales effectively to potential investors.

NHS

5. With a further £50 million of funding provided to local health boards, could the First Minister clarify:

a) how this funding has been allocated and on what criteria;

The allocation of monies from the £50.4m funding is to support a reduction in waiting times. Funding of £50.4m was approved on 14 October 2024 to be deployed to NHS Wales with the intention of reducing waiting times RTT, by April 2025.

Allocations to Health Boards were based on an assessment of original activity submissions and a further review following confirmation of funding to assure delivery against key conditions.

The health board/regional solutions were reviewed based on a set of thresholds that provided assurance of delivery of this key ministerial priority

- Do the actions close the residual gap
- The Volume delivered + Cost / Value for Money + Delivery Confidence
- The total impact on >104 weeks position.

b) the details of the offer to Powys health board;

All Powys patients with the longest waits are on the waiting lists of neighbouring health boards and therefore the funding, whilst not being directed to the health board, is directed at the residents with the longest waits.

c) whether health boards are allocated less funding if they are not providers?

Funding was allocated to solutions and activity – it was not allocated to health boards as commissioners nor providers – but at plans which we risk assessed which delivered additional activity. If Powys had bid for monies in order to deliver more activity then this would have been considered alongside the rest of the bids for monies.

6. Does the Welsh Government have any intention to build/establish further orthopaedic hubs, and if so, could the First Minister provide further information on this?

The current focus is on the completion of the new orthopaedic unit at Llandudno Hospital with construction due to complete later in 2025. In parallel with this, progress with the South

East Wales Centre of Excellence (formerly known as Llantrisant Health Park) design is continuing at pace. The next stage of design (RIBA stage 3) is expected to be completed by the end of March 2025 which will give further clarity on the development which involves Cwm Taf Morgannwg, Aneurin Bevan and Cardiff and Vale University Health Boards. No decision has been made around further developments of orthopaedic hubs across Wales at this point.

7. Could the FM provide further details on preventative care spending, and how the WG intend to reduce the need for patients being admitted to hospital?

Prevention spend in the Health, Social Care and Early Years budget will include spending on:

Primary prevention interventions to prevent the onset of development of health-related harms/disease, which would lead to poor health outcomes. Since 2021, the Welsh Government has provided £28.45m via the Prevention and Early Years fund to support health board's implementation of the Welsh Government's tobacco control and obesity strategies and local health improvement and prevention activities.

The fund has supported smoking uptake prevention initiatives, the rollout of a Help Me Quit in Hospital which is designed to help more people to quit smoking when they are receiving hospital inpatient care, in addition to health boards work to reduce the number of people smoking during pregnancy. Supporting more people to quit smoking is a key part of reducing the harm caused by tobacco and preventing smoking related illnesses and deaths as we work toward our ambition of a smoke-free Wales by 2030.

The fund also supports prevention and early intervention work, with a focus on encouraging healthy behaviour changes in the obesity and overweight area, in line with our 10-year strategy 'Healthy Weight: Healthy Wales'. The strategy takes a holistic view of the whole environment we live in, and how it impacts on the food and activity choices we make. The emphasis is on introducing a whole system approach to preventing and reducing obesity which focuses on creating healthier settings and environments through actions at a national and local level.

£6.85 million is included for this fund in the draft budget for 2025/26.

Secondary prevention interventions leading to the early identification of conditions/diseases or the identification of risk factors which can then be addressed, thereby minimising their potential effect on health outcomes. Additional funding has been provided in the budget for screening and vaccination delivery for 2025/26.

Tertiary prevention interventions to prevent poor health outcomes in individuals with established conditions/disease mainly through care processes and disadvantaged population health care needs. For example, high quality delivery of care processes in the management of diabetes.

Preventative care spending will be embedded in programmes and health board spending including the Six Goals Programme and 50 day Challenge. The Six Goals is a programme that spans the Urgent and Emergency Care pathway. The goals are designed to provide effective, high quality and sustainable healthcare as close to home as possible, and to improve service access and integration.

8. What is the WG doing to support the culture shift towards preventative care, and how is it going to achieve this?

The **policy imperative** is set out in *A healthier Wales* our long-term future vision focussed on health and wellbeing, and on preventing illness. Prevention is an NHS core value and design principle within the strategy and is one of the five ways of working required by the Well-being of Future Generations (Wales) Act 2015: “how deploying resources to prevent problems occurring or getting worse may contribute to meeting the body's well-being objectives, or another body's objectives.” It is also at the heart of the NHS (Wales) Act 2006 and the NHS Wales Finance (Wales) Act 2014, both of which require that health boards focus on the health of their population as well as provision of health services.

Our focus on prevention and early intervention remains, and is, central to enabling a sustainable and equitable approach to developing effective health and care services and an overarching principle of A Healthier Wales. We will continue to take a person-centred approach to our health and care services to ensure they are tailored to individual needs and preferences, including language, whilst ensuring people are involved in the decisions about their care and treatment. This will help our health and care services support everyone to take responsibility for their own care and for those that they care for. It will also ensure we develop high quality services with a focus on safety at the heart of everything we do.

The NHS Planning Framework for 2025-2028 population health and prevention is one of the five key priorities and will further support the shift towards preventative care. Health boards will be expected to demonstrate in their plans how preventive health measures are accessible at all stages across the life course – from prenatal, infancy and childhood, to adolescence, adulthood, and through to older age and how they are investing and moving towards higher investment in prevention to reduce ill-health.

Decarbonising homes

9. What is the Welsh Government doing to improve energy efficiency to decarbonise homes?

Investment in energy efficiency stabilises household bills, reduces demand on our energy networks and reduces greenhouse gas emissions. It also has a key role in preparing our homes for the switch to low carbon heating solutions.

We are taking action to support low-income households with free measures, as well as supporting households who can invest with good quality advice and interest free finance. We are also using regulations and standards to drive action. The Cabinet Secretary for Housing and Local Government updated Members on this work in an [oral statement](#) on 14 January.

Since 2011, the Welsh Government has invested more than £251 million to improve home energy efficiency through the Warm Homes Nest scheme, including £39.3 million in 2023-24. Our [Nest annual report for 2023-24](#), published on 23 January, shows our investment provided 4,816 households with a home energy improvement package, resulting in a modelled average energy bill saving of £595 per year. Free and impartial energy saving advice was given to 12,809 households.

Our new Warm Homes Nest scheme was launched on 1 April 2024, aiming to address the twin challenges of fuel poverty and climate change. The scheme includes the installation of low carbon heating where appropriate, while continuing to focus on the specific needs of vulnerable households such as through our crisis route for those without heating or hot water.

Our social landlords are also being supported to take action. Since 2020, the Optimised Retrofit Programme has invested approximately £260 million in improving the energy efficiency of existing social homes to upgrade almost 23,000 homes.

For homeowners who are not eligible for Nest support but who want to make changes and don't have the funds for the upfront investment, we have interest-free loans through our Green Homes Wales scheme. This pilot initiative, administered by the Development Bank of Wales, was launched in 2024 and has attracted over 2,500 expressions of interest to date. £3 million of financial transactions capital is allocated in the draft budget for this pilot to be extended into 2025-26.

A key element of supporting energy efficiency is the provision of free, impartial and trusted advice to householders. Our [Nest advice line](#) and [Climate Action Wales](#) website offer householders support in understanding their options.

We are reviewing Part L of our building regulations to ensure new builds in Wales are more energy efficient, and with the aim of driving up the use of low carbon heating systems like heat pumps. Our latest iteration of the Welsh Housing Quality Standard shows our ambition to drive further improvements in social homes, including in their energy performance. We also support the UK Government's proposed Minimum Energy Efficient Standard of ECPC for privately rented homes, which are currently significantly under-performing on energy efficiency compared to our social homes.

- 10. The Climate Change, Environment, and Infrastructure Committee recommended in its report '[Decarbonising the private housing sector](#)' (recommendation 27, which was accepted in principle) that the Welsh Government should assess the feasibility of using Council Tax and Land Transaction Tax to incentivise energy efficiency retrofit as a priority. Could the First Minister provide an update on any progress made?**

Council Tax

The response previously provided to the Committee under recommendation 27 recognised that a reform programme is in train, which is focussed on redesigning council tax to make it less regressive and fairer for those with lower incomes. The Senedd has since approved the Local Government Finance (Wales) Act 2024, the first local government finance Act since devolution, which paves the way for reforms in 2028. Having considered the potential impacts of designing council tax policies to incentivise retrofitting, or linking council tax charging to EPC ratings, the Welsh Government is of the view that these could lead to proportionately larger financial impacts on low-income families, who are more likely to reside in homes where it is harder to achieve decarbonisation. Those larger impacts could be concentrated in deprived local areas of Wales, and therefore would undermine our collective efforts to reduce income inequalities in the council tax system.

Land Transaction Tax

Land transaction tax (LTT) is primarily a revenue raising tax generating revenues for investment in public services in Wales. Consideration of its role as a wider policy lever needs to be considered alongside the other priorities and commitments being taken forward and our commitment to our tax levers being proportionate and progressive where possible.

Land Transaction Tax (LTT) provides a very limited lever given approximately only 4% of homes in Wales are transacted on average each year.

Within those properties transacted, the majority of homes that are most likely to require modification, and where that modification will represent a high cost compared to the value of the home, are those that fall below the £225,000 threshold to be liable to LTT. Therefore, any incentives provided through a relief will most likely provide greatest incentive and benefit to those buying more expensive properties.

It is also worth noting, prior to the devolution of this tax, in 2007, the then UK Government introduced a zero carbon homes relief for the predecessor Stamp Duty Land Tax which ended in 2012. While well intended, this relief proved not to be a particularly effective lever with the qualifying criteria resulting in a low number of claims being made.

Hence it is important to consider the suitability of LTT as a relevant policy lever for decarbonising the housing sector compared with other more direct financial levers or incentives.

We continue to keep LTT under review and are prepared to consider how LTT can play a role in this space while keeping in mind the primary aims of the tax and the need to develop any proposals in line with the principles that underpin our tax policy development. To date the case has not been made.

In summary, while our initial assessment is that the use of council tax and LTT risk unacceptable distributional impacts, we will keep their use under review over the longer term as we develop our policies and proposals further.

11. What is the Welsh Government doing to communicate and promote the issues associated with fuel poverty and decarbonising homes, and encouraging schemes such as 'Eco Flex'? And how is it delivering this?

As mentioned in response to Question 9, our Warm Homes Nest advice service is an essential part of our package of support. The freephone advice line is available to any householder in Wales who needs our support. Our advisors provide information on how householders can improve the energy efficiency of their homes and determine their eligibility for a free package of measures from our Nest delivery team. They also signpost other support schemes available such as ECO Flex and the Boiler Upgrade Scheme.

This is the first year we have had a completely independent Nest advice service, separate from the delivery of the measures. This offers greater comfort to those calling that they will receive impartial advice as well as providing additional flexibility to signpost to a range of different funding sources. Our [Green Homes Wales](#) scheme, administered by the Development Bank of Wales, also uses the Nest advice service to support its customers.

In addition to the freephone line, our Nest advice service includes wider public engagement activities to support households who may be struggling with their fuel bills and eligible for Nest. The engagement plan for this financial year includes the use of social media alongside 'out of home posters' for example on public transport infrastructure and leaflet drops. The service also includes community outreach, with team members engaging with local communities to identify and connect with households who need our help.

The advice service is part of a wide network of organisations supporting low income and vulnerable customers, such as Citizens Advice and Age UK Cymru, who can also signpost customers to each other.

We have also supported our Local Authorities to boost their ECO4 Flex offer with a total of £500,000 this financial year. This may be used to improve local visibility of the scheme should the local authority consider that to be the most appropriate use of the funds.

Our Climate Action Wales website and associated social media has a section on [energy choices](#), including some low cost and no cost tips on taking action at home. It also includes accessible information about different technologies and links to funding streams. The website is reviewed and updated by an editorial panel to ensure the information is accurate, trustworthy, actionable and accessible.

Transport

12. With the closure of Holyhead port as result of infrastructure damage during storms Darragh and Bert, and the temporary closure of Britannia Bridge, what is the Welsh Government doing to improve the resilience of the transport links in and out of Ynys Môn?

The North Wales Transport Commission has published a comprehensive report into transport in the region. It was based on a detailed analysis of travel in north Wales and should give the Corporate Joint Committee a head-start in developing their plan. The Commission's recommendations will feed into north Wales's regional transport plan being developed by its Corporate Joint Committee, to create a single joined-up plan for transport investment that works for all parts of north Wales. Work has already started on the top 6 recommendations in the Menai Crossing report.

Recent storms and bad weather have impacted key infrastructure in north Wales. This has included the closure of the Port of Holyhead due to the damage caused by Storm Darragh and significant damage to railway lines, including the landslip near Gobowen and flooding on the Conwy Valley Line. The impacts of climate change will put more pressure on valuable assets and we have learnt some valuable lessons.

As a result of the closure of the Port of Holyhead, we saw the rapid delivery of significant additional passenger and goods capacity on services re-routed via Fishguard and Pembroke Dock, as well as some additional freight capacity provided via ports in the North West of England. The Port of Holyhead is confident it can re-open one of its ferry berths from 16 January, with four services per day to and from Dublin.

The Welsh Government has always recognised the strategic significance of Holyhead and alongside the Cabinet Secretary for Economy, Energy and Planning, the Cabinet Secretary for Transport and North Wales intends to establish a Welsh Government led multi-stakeholder task force to develop a new strategy for the future of Holyhead. Minister Lawless from the Irish Government has kindly agreed to join me in driving forward this project. The Cabinet Secretary for Transport and North Wales made a commitment to the multi-stakeholder task force in a statement on the Port of Holyhead in our Senedd Plenary on 7th January, followed by a press release, both of which can be found here: [Plenary 07/01/2025 - Welsh Parliament](#); [Welsh Government announces task force to maintain long-term stability for Holyhead Port | GOV.WALES](#).

The Phase 2 Menai Bridge works, which includes an array of maintenance works but primarily re-painting the entire structure, will start in March 2025 and be completed by the end of December 2025 in time for its 200th anniversary. While it is very uncommon for the A55 Britannia Bridge to close, Welsh Government officials have undertaken a strategy review and wind speed limits have been changed for some vehicle types. This has helped HGVs to continue to cross the A55 Britannia Bridge during adverse weather conditions.

Regarding rail infrastructure, it is vital that Network Rail have the funding needed to improve the resilience of the rail network in Wales. The Cabinet Secretary for Transport and North Wales is working closely with the UK Government to secure increased investment in rail in Wales, including improving infrastructure that will enable 50% more TFW timetabled services on the North Wales Main Line in 2026.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. E. Morgan', with a long horizontal flourish extending to the right.

Eluned Morgan