

# **WELSH GOVERNMENT RESPONSE TO RECOMMENDATIONS FROM THE ENTERPRISE AND BUSINESS COMMITTEE REPORT: POTENTIAL OF MARITIME ECONOMY IN WALES**

**MARCH 2016**

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The Welsh Government recognises that the maritime economy offers real potential to increase the prosperity and well-being of our communities. The first Welsh National Marine Plan (WNMP) will introduce a plan-led approach to decision-making, supporting the sustainable development of our marine area. This strategic policy, supported by a robust evidence base, will help identify future opportunities provided by our seas. An initial first draft of the WNMP and the marine planning evidence portal are available on the Welsh Government's website. We will continue to develop our policy in an open and collaborative way. Meaningful engagement is a priority throughout the planning process, as set out in the Statement of Public Participation.

## **Main recommendation**

**The Welsh Government should ensure that the Wales Marine Plan provides a comprehensive and overarching framework for the sustainable development of Wales' marine resources and coastal communities. It should contain objectives and measurable targets – including for economic performance – and be implemented through a 'whole government' approach, modelled on the Irish Integrated Marine Plan.**

## **Response: Accept in principle**

The Welsh Government is committed to managing our seas in a more integrated and planned way to ensure their long-term sustainability. The WNMP will help ensure that marine natural resources are managed and used in a sustainable way and therefore, contribute to the achievement of Wales' Well-being of Future Generations goals.

Marine planning is a complex and cross cutting initiative. Integration across Departments is key to achieving a marine plan that will deliver the clarity needed. Our policies have been developed with contributions from across Welsh Government.

The WNMP is being developed in line with the Marine and Coastal Access Act 2009, the EU Maritime Spatial Planning Directive 89/2014 and will embed new Welsh Government legislation such as the Well-being of Future Generations (Wales) Act. The commitment to sustainable development is central to the purpose of the plan.

Marine planning supports the move towards integrated marine governance. The WNMP will provide a comprehensive policy framework for taking decisions on the future use of our seas. We consider that a collaborative and inclusive approach is essential in delivering and implementing marine planning for Wales. An evaluation plan, to help determine the impact of the plan's objectives and policies is under

development. It will include a monitoring framework which will support implementation.

**Recommendation 1**

**Prioritise participation in EU networks, projects and partnerships in the marine energy sector, taking a proactive and outward-looking approach to engagement with EU level initiatives.**

**Recommendation 3**

**Explore the potential for developing an Atlantic Macro Region or Strategic Partnership, in discussions with Ireland, Scotland, the UK Government, the European Commission, and through its membership of the Committee of the Regions and the Conference for Peripheral and Maritime Regions (CPMR).**

**Recommendation 4**

**Demand early decisions from the UK Government to ensure that there is clarity on the strike prices for different renewable marine energy technologies as soon as possible.**

**Recommendation 14**

**Review the support for marine energy and wider maritime economy in Welsh Government's Brussels office and explore how this could be strengthened through a partnership between its own team, Welsh HE and WLGA offices.**

**Response: Accept**

The Marine Task and Finish group has provided me with its report and recommendations on the emerging Welsh marine energy sector, which will help to inform our future direction in these areas. The Group has been considering how to sustainably deliver jobs, growth and wealth in the emerging marine energy sector. The report will help to share the future direction of marine energy.

We recognise that engagement in networks and partnerships and EU funding is part of the solution to ensure a sustainable marine industry although it is equally important that any actions are prioritised and are driven by industry.

**Recommendation 2**

**Ensure the EU Funding Ambassadors are integrated into the work of the new Marine Energy Task and Finish Group to ensure opportunities for EU funding and finance are fed into the work of this group.**

**Response: Accept in Principle**

The Marine Task and Finish Group has identified that access to finance is a barrier for any emerging industry, the allocation of €100 million of EU structural funds is in recognition of this. To ensure funding meets the needs of industry, it must be

targeted to ensure that the maximum economic benefits are derived in terms of jobs and growth. There will be a need to consider how this is achieved and its alignment with the overall recommendations of the Task and Finish Group.

The EU Funding Ambassadors were appointed to help promote and maximise opportunities presented by the EU's directly managed funding programmes. The appointments were made in direct response to the Enterprise and Business Committee's report on EU funding opportunities 2014-2020, published in July 2014, which highlighted the need to engage in and promote further the EU's directly managed programmes in Wales. The Ambassadors have been appointed until the National Assembly elections and will deliver a final report to in Spring 2016.

The Ambassadors' Interim report, published in December 2015, recommended the creation of a European Interdepartmental Committee to keep under review the impact of EU policies and EU funding across the span of Welsh Government strategies and policies. As a result an EU Policy Group, consisting of senior Welsh Government officials across a range of portfolios has been established, and has already held its inaugural meeting. This is an important development which will be used to ensure better engagement, communication and maximisation of EU opportunities.

#### **Recommendation 5**

**Provide greater financial support for marine data collection projects including the potential impacts of developments on the marine environment. This should include thinking creatively and proactively about how different EU funding streams can support this.**

#### **Response: Accept in principle**

We are joint funders and active participants in the Offshore Renewables Joint Industry Partnership: Ocean Energy project (ORJIP:OE), which was established to carry out a UK-wide programme of research with the aim of reducing consenting risks for wave, tidal stream and tidal range projects. The project has identified existing research and prioritised research that can fill knowledge gaps in the consenting process. ORJIP:OE is collaborating closely with a variety of funding bodies to identify potential opportunities for funded research. Our support for this project is ongoing.

We are also jointly funding work with The Crown Estate and regulators around consenting and research issues relevant to demonstration zones and test sites and with potentially wider benefits to the wave and tidal stream sectors. Recommendations from a workshop have been incorporated into ORJIP:OE's forward work plan.

We provided £1million to the Marine Renewable Energy Strategic Framework (MRESF) project, which investigated the potential marine renewable energy resource of Welsh Territorial Waters and considered potential scenarios for the sustainable development of that resource primarily as an aid to policy development and also an

indicator of resource for potential developers. The marine renewable energy resource of Welsh Territorial Waters consists of offshore wind, wave, tidal range and tidal stream. Developers have had access to a mapping tool which provides detail on resource and constraints within Welsh waters. We are evaluating whether to maintain the MRESF data on an externally hosted platform or integrate it within the Welsh Government Marine Planning Portal.

WEFO have supported the SEACAMS project based in Bangor University and are currently considering a bid for SEACAMS2.

The marine planning system will be plan-led and will be informed by the best available evidence which will be shared as it becomes available on the Government's website.

The Marine Evidence Portal presents various data sets and facilitates access to them through an interactive map of Wales. <http://lle.wales.gov.uk/apps/marineportal/>

We have published the Wales' Marine Evidence Report (WMER) which collates a wide range of information and identifies key issues on the state of Welsh seas, our marine natural resources and the use that we currently make of them.

<http://gov.wales/topics/environmentcountryside/marineandfisheries/marine-planning/other-supporting-evidence/wales-marine-evidence-report/?skip=1&lang=en>

The WMER identifies a number of issues and potential evidence gaps of relevance to marine planning. With limited resources and a huge variety of activities planned or taking place, it is vital that we determine which evidence gaps we most need to address (our evidence priorities) and the best means to do so in a targeted and cost-efficient manner.

To this end a Welsh Marine Evidence Strategy is under development. The intention is that this strategy will set the direction for the marine evidence activities of the Welsh Government and other organisations, and will drive collaboration. The strategy will need to identify relevant funding streams where appropriate. The strategy would form part of a wider process to identify and make best use of available evidence to support policy and decision making with regard to marine and fisheries. It will be important to ensure that EU funding streams contribute to addressing our evidence needs.

### **Recommendation 6**

**Review Enterprise Zone policy in the light of planned devolution of ports policy. In particular the review should consider whether the sector approach is appropriate to those zones which include ports, given the scope of the opportunities within the maritime economy. This review should also consider whether further Enterprise Zones are required to support port development.**

**Response: Accept**

Many of the Enterprise Zones have ports within or close to them. The strategic plans for each of the Enterprise Zones developed by the Advisory Boards have, where relevant, already taken account of the supporting infrastructure in each zone, including ports. The respective Boards will consider any further review necessary in light of the planned devolution of ports policy as part of their on going work and continual review of their strategic plans.

**Recommendation 7**

**Develop appropriate and effective road projects to improve traffic flow on the A55 and A40 given the risks to ports from marginal changes in efficiency.**

**Response: Accept**

The importance of hinterland connections for ports featured strongly in the recommendations made by the Freight Task and Finish Group in respect of both roads and rail. I accepted the Group's recommendations and issued a Written Statement <http://gov.wales/about/cabinet/cabinetstatements/2014/freight/?lang=en>. The recommendations are reflected in the National Transport Finance Plan.

**Recommendation 8**

**Work with relevant ports and other local stakeholders as well as Network Rail and the Department for Transport to consider how rail modernisation schemes in Wales can make possible potential future development of rail freight serving Welsh ports.**

**Response: Accept**

The potential importance of rail hinterland connections for ports was also highlighted in the Freight Task and Finish Group's recommendations, as indicated in response to recommendation 7. We have been and will continue working with the sector, stakeholders and partners to implement the recommendations, for example on gauging enhancement on the Great Western/South Wales Main Line and as part of the work on modernising the North Wales Main Line.

**Recommendation 9**

**Act decisively in the event of devolution of port planning powers to streamline and speed up the port planning process, and to integrate it with an effective and suitably resourced marine licensing and consenting process to provide early decisions on development applications. Enhancements to major devolved Welsh ports should be considered for inclusion as Developments of National Significance under the Planning (Wales) Act 2015.**

**Response: Accept**

An effective planning and consenting process is important for all sectors, including ports, particularly where developments are major and complex. Opportunities to streamline and speed up the process are being explored, within the framework of the legislation and the range of statutory duties that apply. In consultation with the sector and as the details of proposed devolution become clearer, we will look at including port developments as Developments of National Significance, recognising that the latter process might not provide the most suitable consenting vehicle as it only applies to projects that are wholly onshore.

#### **Recommendation 10**

**Engage with Welsh ports and the Welsh Ports Group to clarify the scope of a future Welsh Ports strategy and how this will be developed to provide reassurance to the sector.**

#### **Response: Accept**

We are committed to developing a strategy in close partnership with Welsh ports and look forward to engaging in more detail with the sector as the extent of the devolution proposed becomes clearer.

#### **Recommendation 11**

**Develop a Welsh Ports Policy which:**

- **Provides a clear vision for Welsh ports and strategic leadership which supports ports to achieve their goals;**
- **Clearly identifies where additional support is required, for example in identifying and delivering infrastructure or services which have wider economic benefit but generate a limited direct return to ports themselves;**
- **Aligns with EU blue growth and transport policies to facilitate engagement with the EU and support applications for EU funding;**
- **Encourages development and implementation of port master plans which reflect the wider role of ports in maritime economy, and the local economy in general;**
- **Includes an assessment of the competitiveness of Welsh ports; and**
- **Integrates ports into key Welsh policies particularly on the development of the maritime economy, transport policy, environment and planning policy and wider policies supporting economic growth.**

#### **Response: Accept**

The Committee's report provides a useful list of elements that will be considered for integrated into the development of a Welsh Ports Policy referred to in recommendation 10, subject to consultation with stakeholders and the extent of devolution of ports policy contained within the final Wales Bill.

#### **Recommendation 12**

**Prioritise increased investment in marine research capacity, including**

**discussions with the EU Funding Ambassadors in conjunction with Welsh HE on how EU and other funding could be used to support this. This should include exploring potential for developing a COFUND bid covering marine research.**

**Response: Accept**

With the marine industry in Wales still being in its infancy, further research is needed although this needs to be industry led. Two areas in particular are the impact of marine devices on the environment and decommissioning of marine devices. My Marine Task and Finish Group has identified R&D as one of six priorities for the sector, in particular, the impact of devices on the marine environment.

Swansea University is already looking at attracting EU funding for research into marine research. The next co-funding and Ser Cymru 2 calls will open shortly with a submission date of early October 2016.

I would also refer you to my response to Recommendation 5, above.

**Recommendation 13**

**Ask EU Funding Ambassadors to look at opportunities from EU funding programmes to support this agenda, including (not exclusively) Erasmus+, Horizon 2020, ESF, and the Territorial Co-operation Programmes.**

**Response: Accept in principle**

Over the last 14 months the EU Funding Ambassadors have drawn on their personal experience and work within their respective sectors to promote and maximise opportunities presented by the European Union's directly managed funding programmes for 2014-2020. The focus of their activity has been on those aspects of the EU Programmes and Policies which have the potential to make most impact both individually and collectively. To inform their work they have conducted an extensive programme of discussions with Ministers, Welsh Government officials, and Welsh partners, and facilitated events, at both domestic and EU level.

The Ambassadors' initial findings were published in their interim report in December 2015, and their work will terminate following submission of their final report in Spring 2016. The final report will contain the conclusions of their work programme and recommendations to the incoming Welsh Government for the remaining period of the current round of EU programmes (2014-2020).

**Recommendation 15**

**Carry out a mapping exercise looking at the future skills and training needs of the maritime economy and a review of the existing training provision within Higher and Further Education in Wales to support these future needs. This**

**should take into account existing work undertaken looking at the skills needs of the marine energy sector.**

**Response: Accept**

At this stage, further discussion is required to understand the definition of the maritime economy sector footprint and also additional clarification is required to define the purpose of the work and how any findings will be used. The future of any sector focus will also be determined post election so any final decision needs to be taken in this context.

As Officials continue to monitor the future needs of the labour market via projections such as the UK Commission's Working Futures series, bespoke forecasts such as those relating to the proposed Swansea Bay Tidal Lagoon, and via engagement with employers, the need for additional analyses will be considered against available resources. The Welsh Government intends to undertake of a National Strategic Skills Audit next year which will build on the work outlined above (including the maritime economy) in identifying priorities for skills.

The Deputy Minister for Skills and Technology announced the three Regional Skills Partnerships (RSPs) and their role in providing the response mechanism to the ambition of "Skills that respond to local needs" as stated in the Skills Implementation Plan, which was developed in response to Policy Statement on Skills, published in January 2014. A key element of their work is to produce annual Employment and Skills plans based upon sound intelligence, using their employer networks. Each RSP also has a skills observatory. Officials will liaise with each RSP to assess and review their existing data with respect to the maritime economy in Wales. This will inform our final response to the recommendation.

**Recommendation 16**

**Provide an update to the Assembly on progress in the list of potential projects identified for support from EFSI.**

**Response: Accept**

The Minister for Finance and Government Business has provided the Committee with a list of public and private projects promoted to the EIB as candidates for EFSI, or indeed other project finance instruments offered by the Bank. Since the Finance Minister presented evidence to the Committee, two important steps have occurred. Firstly, the Minister met with the EIB Vice President Jonathan Taylor at the Swansea Bay Innovation Campus in October – which was their second meeting on EFSI in 2015. Having had time to reflect on the project list, Jonathan identified four schemes that he considered priorities for the EIB: two public projects (the Velindre hospital redevelopment and dualling sections 5 and 6 of the A465); and two privately-led projects (Swansea Bay Tidal lagoon and Energy island).



Work will now continue to develop these (and our other) projects to the point where financing decisions can be made. A second step of some note took place last November. As part of the Investment Plan for Europe, the European Investment Advisory Hub (EIAH) has been created at the EIB to provide advice to public and private project promoters on EFSI projects. Officials from the EIAH responded to the invitation to visit Wales to talk to project promoters about their work. Some seventy project promoters from across Wales attended the event, which was the first type of engagement event the EIAH had undertaken in the UK, and among the first in Europe.

#### **Recommendation 17**

**Engage much more proactively with EU institutions and other relevant stakeholders to build the relationships necessary to benefit from CEF and other potential sources of EU funding for transport. This should include Ministerial participation in stakeholder events such as TEN-T Days.**

**Response: Accept in principle**

This engagement has already taken place and is ongoing on a targeted basis. In terms of Ministerial participation in general stakeholder events, this needs to be proportionate to the likely benefits.

#### **Recommendation 18**

**Engage as a matter of urgency with the UK Government, Irish Government, Irish ports, Welsh ports, relevant Welsh stakeholders and the EU Commission to develop proposals for EU Transport Funding, particularly Motorways of the Sea projects. In particular, we believe Welsh Government should convene a conference to allow stakeholders, particularly Welsh ports, to understand the EU funding opportunities and consider a way forward.**

**Response: Accept in principle**

This engagement has already taken place and will continue. It has included for example a presentation to the Welsh Ports Group on funding opportunities under the Connecting Europe Facility. We will consult partners on the interest in convening a conference.

#### **Recommendation 19**

**Provide ports with the support they need to access EU and other funding sources. The Welsh Government may need to review whether its staff have the correct skills and training to do this.**

**Response: Accept in principle**

We will consult the sector on the detail of the support required and review skills and training as necessary.

**Recommendation 20**

**Task the WEFO Horizon 2020 unit with addressing the call from SMEs for specialist one-to-one advice and support in accessing opportunities from EU funding programmes.**

**Response: Accept in principle**

We have put in place the SMART Innovation scheme, funded by ERDF, which includes targeted one-to-one support for Welsh businesses considering Horizon 2020. This means that advice on Horizon 2020 is integrated into wider innovation support provided through the Welsh Government, in turn ensuring that businesses receive the right support for their stage of development.

Through our three SMART schemes (SMART Innovation, SMART Cymru and SMART Expertise), we have put in place an integrated suite of interventions that will drive the innovative behaviour needed in Wales to access funding such as Horizon 2020.

In addition to SMART provision, the Horizon 2020 Unit based in WEFO is on hand to provide both initial guidance and, by working closely with the UK Horizon 2020 support network, more specialist advice. National Contact Points have visited Wales on several occasions and have given web-based presentations. The Horizon 2020 Unit is available to help facilitate more meetings and workshops in Wales involving existing business communities with an interest in Horizon 2020, such as Marine Energy Pembrokeshire.

In addition, the Horizon 2020 Unit has supported marine businesses with funding from the Welsh Government's SCoRE Cymru fund to help them develop partnerships and bid-writing expertise to apply for Horizon 2020 funding.