



Ein cyf/Our ref: MA - P/FM -/3394/17

Ann Jones AM
Chair
Committee for the Scrutiny of the First Minister
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4 October 2017

Dear Ann,

I am writing in response to your letter dated 11 September requesting further information following my attendance at Scrutiny Committee on 14 July.

I enclose a written response which addresses the questions highlighted in your letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carwyn Jones', written in a cursive style.

CARWYN JONES

Response to the Committee for the Scrutiny of the First Minister - Additional Information

European Union (Withdrawal) Bill:

Your analysis of the Bill, including where you consider it might be possible to amend it to alleviate concerns held by the Welsh Government, and, conversely, details of any areas you feel are flawed to the point where they cannot be changed.

Response:

The Welsh Government has set out its detailed analysis of the Bill in the Legislative Consent Memorandum tabled on 12 September 2017.

Our principal objections relate to clauses 7-9 (which give Ministers of the Crown unacceptably wide regulation-making powers, including the ability to amend devolved law and the devolution settlement without consent), clause 10 (which gives effect to Schedule 2 and unreasonably restricts Welsh Ministers' correcting powers to domestic EU law) and clause 11 which introduces a new constraint on legislative competence.

The First Ministers of Wales and Scotland have also sent a letter to the First Secretary of State outlining their proposed amendments to the Bill (19 September 2017). I made a statement to Plenary concerning our proposals on the same day. The Legislative Consent Memorandum indicated that I hope to be able to lay a supplementary memorandum at a later stage, to reflect amendments agreed by Parliament which are essential if the Welsh Government is to be able to recommend legislative consent is given. The proposed amendments would, if made, enable the Welsh Government to recommend consent.

Links

Legislative Consent Memorandum – European Union (Withdrawal) Bill, 12 September 2017:

<http://www.assembly.wales/laid%20documents/lcm-ld11177/lcm-ld11177-e.pdf>

Correspondence – Proposed Amendments to European Union (Withdrawal) Bill, 19 September 2017:

<http://gov.wales/docs/cabinetstatements/2017/170919-joint-letter-en.pdf>

Whether there are any circumstances under which you would be prepared to accept the temporary retention of some powers by the UK Parliament, providing that a clear commitment is given to devolving those powers within specified conditions.

Response:

I have always been clear that there may need to be UK-wide policy frameworks in some devolved areas, but the key point is that these must be on the basis of discussion and agreement, not imposition.

Links

Written Statement – Brexit and Devolution, 15 June 2017:

[\[http://gov.wales/about/cabinet/cabinetstatements/2017/brexitdevolution/?lang=en\]](http://gov.wales/about/cabinet/cabinetstatements/2017/brexitdevolution/?lang=en)

Transport:

Members would like further clarity on the work undertaken by the Welsh Government to assess the capacity of Welsh ports to deal effectively with any changes to customs arrangements post Brexit, particularly given the interdependence of Welsh and Irish ports. Members are aware that you have met with the Irish Government to discuss Brexit, particularly through the British-Irish Council, however we would be grateful for further information about how the Welsh Government has, and will be, engaging with the Irish and UK Governments specifically on the issue of ports.

Response:

I refer the committee to the response from the Cabinet Secretary for Economy & Infrastructure to the report of the Assembly's External Affairs and Additional Legislation Committee following its inquiry on Brexit and ports.

Economic Development:

Members welcomed your undertaking to consider publishing the Welsh Government's 'Prosperous and Secure Strategy' before the end of the summer term, to allow time for committees to consider its content over recess.

In relation to the strategy, Members would appreciate further detail about how the Welsh Government will ensure, in taking a regional approach, that cross-border working will be a factor in the way that policy is developed and taken forward.

Response:

The Welsh Government has published a single, cross-government national strategy, "Prosperity for All" that covers activity over the remainder of this term and lays the foundations for further action over the longer term. This includes our approach to regional working and cross-border collaboration. The "Prosperity for All" strategy provides the framework and forms the basis for all that we will do, in particular in working differently by joining-up programmes and working across boundaries to deliver Government priorities. To support this strategy and to provide further detail on the business, skills and infrastructure actions in the strategy, the Cabinet Secretary for the Economy and Infrastructure will be publishing an Economic Development Plan later this autumn. This will contain more detail on the regional approach and cross-border collaboration in addition to other issues.

Energy:

Members welcomed your commitment to consider the impact of the increase in business rates on community hydropower schemes. As part of our discussion, Simon Thomas AM agreed to provide you with further information about a specific

example. Given the potentially commercially sensitive nature of this information, it has been provided as an unpublished attachment to this letter.

Response:

With regards to community energy projects in Wales, the Valuation Office Agency (VOA) has sole responsibility for independently assessing the rateable values of non-domestic properties in Wales. The methodology, evidence base and assessment methods used are tailored to each property type and where possible the VOA has agreed these methods with industry representatives.

The 2017 revaluation was carried out across all of England and Wales and I cannot comment on the assessment, methodology or processes used, this falls entirely within the remit of the VOA to ensure consistency across every property within England and Wales.

A key part of developing our decarbonisation pathways will be around the energy we use and generate. Renewable energy has an important role to play in delivering our carbon budgets. To deliver secure and affordable low carbon energy, we need a mix of different technologies and sizes, from community scale to major projects.

We are supporting community and local renewable energy projects through our Local Energy service which provides financial and technical support to help social enterprises and SMEs across Wales to develop their own renewable energy schemes. Developing locally owned renewable energy schemes can be a complex process. The Local Energy service provides comprehensive support to help small organisations through this process.

The Welsh Government has already acted to provide additional support to non-domestic ratepayers who have been adversely affected by the revaluation including community energy projects, with the extension of the Small Business Rates Relief scheme and the introduction of the Transitional Relief scheme, at a cost of around £120million to the Welsh Government. The provision of additional support would need to be carefully considered and the expected benefits assessed.

A new permanent Small Business Rates Relief scheme will come into force from April 2018, giving small businesses the certainty they need in order to plan for the future. As part of the development of this scheme, a consultation has been published. This can be found below:
www.consultations.gov.wales/consultations/delivering-tax-cut-small-businesses-new-small-business-rates-relief-scheme-wales

Welsh Government officials will consider any evidence provided to support the case for providing assistance to community energy projects and will be considered further as part of the work to take forward the recommendations of the Hydropower Task and Finish Group.

Wales and Border Rail Franchise:

You undertook to provide further information as to how arrangements for awarding the Wales and Borders rail franchise would be taken forward should the procurement process run into difficulty, including who would be responsible for this.

Response:

Until the transfer of rail franchising functions to the Welsh Ministers is concluded, the Secretary of State for Transport continues to be the franchising authority for the whole of the Wales and Borders franchise. The UK Government is now not expecting to conclude the transfer until 2018.

In the event of the current procurement running into difficulty, it would be necessary in order for train operations to continue beyond October 2018 to either extend the current Arriva Trains Wales (ATW) franchise contract (which it can be for up to five years) or agree a Direct Award with ATW. Prior to the transfer of franchising functions being concluded, Welsh Ministers could seek to fulfil a role in any of these processes and the subsequent re-procurement of the franchise through an open competition.

Hyper local journalism:

You also agreed to give further consideration to providing advice and support to hyper local journalists and those who want to create new sources of news, given the lack of bespoke support available.

Response:

The Welsh Government is committed to supporting SMEs across Wales which is why we are investing £86m up to 2020 in our European funded programme, Business Wales, to ensure entrepreneurs and SMEs have access to the information, advice and support they need to help them start, grow and prosper. The latest phase of Business Wales aims to create 10,000 new businesses, 28,300 new jobs and provide support to help inspire the next generation.

Business Wales is the Welsh Government's bilingual business support service, launched in January 2013 and refreshed in January 2016, to make it easier for Welsh businesses and aspiring entrepreneurs to access the information, advice and support they require to start and grow their businesses.

Business Wales offers a single point of contact for businesses and entrepreneurs to advice and support from public, private and voluntary sectors, and can be accessed online via <http://businesswales.gov.wales> and associated social media channels; the 03000 6 03000 helpline; and a network of offices located across Wales.

The Welsh Government would need to consider in detail any proposal to establish other support targeting hyper local start ups that would add significant value over the provision already in place via Business Wales.

As outlined in Prosperity For All, we are committed to working in a more integrated and focused way to have the greatest possible impact to deliver the right support for people and businesses. This includes consideration of how business support accommodates the sometime very different requirements of the knowledge economy, the gig economy and creative entrepreneurship. Welsh Government

officials working on the development of Creative Wales are considering how to take these matters forward.

NHS Staff:

You also agreed to give further consideration to ways in which the Welsh Government could encourage and support skilled NHS staff nearing the end of their career, to inspire young people to consider a career in the Welsh NHS and to pass on their experience, knowledge and skills before they retire.

Response:

It is important that we value the skills, knowledge and experience of individuals throughout their careers to encourage and support future generations of the Welsh health system. Many of the current workforce are engaged in a range of initiatives and events to promote NHS careers. I have asked my officials to consider the potential for greater opportunities to be introduced which will harness the experience and knowledge of those with mature careers in the NHS to transfer their skills to less experienced individuals.