

Jeremy Miles AM
Counsel General and Brexit Minister

26 March 2019

Dear Jeremy,

Wales Audit Office report and preparations for Brexit in Wales

I would like to thank you for appearing before the Committee on Monday, 11 March where we discussed a number of matters, including the Auditor General for Wales' recent report on preparations in Wales for a 'no deal' Brexit and other issues associated with the UK's withdrawal from the EU. The Auditor General's report takes a comprehensive look at preparations for a 'no deal' Brexit across public service bodies in Wales and we support its findings and conclusions in full.

We acknowledge that there is continuing uncertainty with regard to Brexit and that recent events at Westminster have done little to quell this uncertainty. In light of your evidence, we write to offer a number of our own views and recommendations.

Wider context and the Withdrawal Agreement

We have repeatedly stated that we cannot endorse a 'no deal' Brexit as neither necessary nor desirable and have previously highlighted the potentially damaging impact it could have on key sectors of our economy. At time of writing, the situation remains that the Withdrawal Agreement and Political Declaration are yet to be approved by Parliament and the legal default is that the UK leaves the EU on 29 March 2019. However, we also note that the Prime Minister has stated that the UK Government will seek either a short technical extension in order to give legal effect to the Withdrawal Agreement, or a longer extension in order to undertake a more wide-ranging renegotiation of the Withdrawal Agreement and Political Declaration.



We acknowledge that this is an extremely challenging backdrop to which public, private and third sector bodies in Wales are having to operate.

General planning and preparedness

We first called on the Welsh Government to do more in terms of scenario planning, including planning for a 'no deal', in our report of February 2018. That report also concluded that people from across the public, private and third sectors needed a stronger steer from the Welsh Government on how they should be preparing for Brexit.

The Auditor General's report concluded that public bodies in Wales are generally taking their 'no deal' Brexit planning seriously and that efforts have been "ramped up" since the summer of 2018. These findings are in line with our most recent sectoral reports on Brexit preparedness, published during the autumn of 2018.

In January 2019, we note that the Auditor General wrote to the Chief Executives of all public bodies in Wales to reassure them that he would not criticise reasonable 'no deal' Brexit spending as wasteful. We support the action taken by the Auditor General as proportionate, whilst noting that a balance must be struck between providing funding for front-line services and preparing for all Brexit scenarios.

Issues relating to capacity

The Auditor General also found that "many bodies are struggling to find the capacity to plan for Brexit and are undertaking work on top of the day job." Local authorities in particular now have far fewer staff members who still possess the cross-cutting policy and planning expertise that is needed to prepare for Brexit.

It would be helpful to us if you could outline in your response how the Welsh Government intends to address the capacity issues identified in the Auditor General's report, particularly in relation to local authorities in Wales.

Civil contingencies

In his report, the Auditor General stated that arrangements for civil emergencies and contingency planning have been updated to account for Brexit, including for a 'no deal'. Furthermore, the Auditor General stated that although Brexit planning has led to organisations working across silos, there remains scope for greater collaboration in developing and delivering plans to manage common issues and risks.



The Welsh Government will have a clear leadership role in the event of a 'no deal' Brexit. We call on the Government to use all the powers and resources at its disposal to ensure that public bodies are able to collaborate effectively in the delivery of civil contingency plans in the coming weeks should a 'no deal' occur. We note the recent announcement, on 11 March 2019, of an additional £500,000 to support the work of Local Resilience Fora and would be grateful for more detail on how this money is intended to be spent in your response to this letter.

We would also add that there will be an opportunity for us to further assess the Welsh Government's 'no deal' response, should one occur, in our forthcoming session with the First Minister scheduled for immediately after the Easter recess.

Communication

In the event of a 'no deal' the Auditor General emphasised the importance of a clear, consistent and measured story to tell the public. During evidence you told us of the work underway to ensure clear communication in the event of a 'no deal'. You also told us of the role of the Welsh Government's Brexit portal – 'Paratoi Cymru/Preparing Wales' – in providing guidance and information to stakeholders and businesses. We note that in its paper on the implications for business and trade of a 'no deal' exit, the UK Government outlined concerns about the level of engagement by businesses, stating that "there had only been around 40,000 registrations for an Economic Operator Registration and Identification (EORI) number, against an estimate of around 240,000 EU-only trading businesses".¹

We would be grateful if you could please outline: how the Welsh Government is promoting the website; and the most recent figures for the level of engagement that the Welsh Government's 'Paratoi Cymru/Preparing Wales' Brexit Portal has received and how that corresponds with the total number of businesses in Wales that the Welsh Government has assessed that it needs to reach.

Learning the lessons

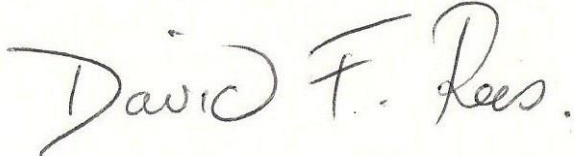
Brexit is an unprecedented process encompassing many aspects of life in Wales. Since our inception we have been committed to raising the issues that are of importance to Wales. It

¹ HM Government, 'Implications for Business and Trade of a No Deal Exit on 29 March 2019' – 26 February 2019; NB: an EORI number would allow businesses to complete the necessary customs documentation for goods they are importing.



is clear to us that there will be lessons to learn from the response of the Welsh Government to Brexit and it is our firm intention to play a role in identifying these lessons. We will be announcing details of such work in due course.

Yours sincerely,

A handwritten signature in black ink that reads "David F. Rees." The signature is written in a cursive style with a large 'D' and 'R'.

David Rees AM

Chair of the External Affairs and Additional Legislation Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

