

Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:	For further information contact:
Hybrid – Committee room 5 Ty Hywel	Robert Donovan
and video Conference via Zoom	Committee Clerk
Meeting date: 17 March 2022	0300 200 6565
Meeting time: 09.30	SeneddEconomy@senedd.wales

Private Pre-Meeting (09.15–09.30)

Public Meeting (09.30–14.25)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Paper(s) to note

(09.30)

2.1 Letter from the Chief Executive and Clerk of the Senedd

(Pages 1 – 2)

Attached Documents:

The use of the acronym ‘B.A.M.E’ by the Senedd Commission

2.2 Letter from the Chair to the Minister for Economy and Minister for Social Justice

(Pages 3 – 4)

Attached Documents:

Recruiting arrivals from Afghanistan as HGV drivers



Senedd Cymru
Welsh Parliament

2.3 Letter from the Minister for Rural Affairs, North Wales & Trefnydd

(Pages 5 – 6)

Attached Documents:

Agriculture and Horticulture Development Board (Amendment) Order 2022

2.4 Letter from the Minister for Economy

(Pages 7 – 15)

Attached Documents:

Response by the Welsh Government to the Draft Budget 2022–23

2.5 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd

(Pages 16 – 17)

Attached Documents:

Laying the Ivory Prohibitions (Civil Sanctions) Regulations 2022

2.6 Letter from the Minister for Economy

(Page 18)

Attached Documents:

Legislative Consent Memorandum(LCM) on the Commercial Rent
(Coronavirus) Bill

2.7 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd

(Pages 19 – 23)

Attached Documents:

Response by the Welsh Government to the Draft Budget 2022–23

2.8 Letter from the Minister for Rural Affairs and North Wales, and Trefnydd

(Pages 24 – 25)

Attached Documents:

Additional information on the Joint Fisheries Statement (JFS) evidence session on 3 February

2.9 Letter from the Minister for Education and Welsh Language

(Pages 26 – 28)

Attached Documents:

Amendments to the Professional Qualifications Bill

2.10 Letter from Giles Thorley Chief Executive, Development Bank of Wales

(Pages 29 – 30)

Attached Documents:

Annual report scrutiny – Development Bank of Wales

2.11 Letter from the Minister for Economy

(Pages 31 – 32)

Attached Documents:

Border Controls Posts

3 Ministerial Scrutiny – Minister for Rural Affairs, North Wales & Trefnydd

(09.30–10.30)

(Pages 33 – 45)

Lesley Griffiths MS, Minister for Rural Affairs and North Wales and Trefnydd

Tim Render, Director, Land, Nature and Food

Dean Medcraft, Director, Finance & Operations

Christianne Glossop, Chief Veterinary Officer

Attached Documents:

Research brief

Break (10.30–10.45)

4 General Ministerial Scrutiny – Minister for Economy

(10.45–12.20)

(Pages 46 – 63)

Vaughan Gething MS, Minister for Economy

Steffan Roberts, Deputy Director, Tourism Development and Sport

Claire McDonald, Deputy Director, Economic Policy

Heledd Owen, Deputy Director, Marketing

Attached Documents:

Research brief

Welsh Government's evidence paper – Tourism, Hospitality and Retail Inquiry

Break (12.20–12.50)

5 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from item 6 of today's meeting

6 Common Frameworks (private)

(12.50–13.50)

(Pages 64 – 115)

Paul Harrington, Head of Intergovernmental Relations

Rob Parry, Deputy Director, European Transition Legislation

Victoria Jones, Head of Agriculture, Sustainable Development Division

Bill MacDonald, Head of Plant Health and Environmental Protection

Estevao Simoes, Head of EU Transition and Trade Policy, Office of the Chief Veterinary Officer

Attached Documents:

Provisional common framework: agricultural support

Provisional common framework: animal health and welfare

Provisional common framework: fertilisers

Break (13.50–13.55)

7 UK–Australia Free Trade Agreement

(13.55–14.25)

(Pages 116 – 120)

Gwyn Howells, Meat Promotion Wales

Huw Thomas, Political Adviser, National Farmers' Union Wales

Nick Fenwick, Farmers' Union Wales

Attached Documents:

Research brief

8 Motion under Standing Order 17.42(ix) to resolve to exclude the public for the remainder of the meeting

(14.25)

9 Private

(14.25–15.00)

Consideration of evidence following the meeting

Common Frameworks scrutiny discussion

Mark Isherwood MS
Public Accounts and Public Administration Committee Chair
[by e-mail]

15 February 2022

Dear Mark

Thank you for your letter dated 10 December 2021 regarding the use of the acronym 'B.A.M.E' by the Senedd Commission.

Early during the Autumn term 2021, Commission officials consulted with the Commission's Race, Ethnicity and Cultural Heritage workplace equality network (REACH) regarding its preferences. Network members expressed a number of opinions, and the networks' collective preference was to retain the acronym B.A.M.E. As a result of your letter, the network has worked with the Commission's Diversity and Inclusion team to revisit the position.

The Senedd Commission considered the use of the acronym 'B.A.M.E' at its meeting on 31 January. The Commission considered a paper that set out some of the wider debate surrounding the use of the acronym and recognised the difficulty of capturing the complex histories and cultures of people from ethnic minority backgrounds in a single phrase or acronym.



Commissioners agreed that the Commission would:

- a. Observe context as a key driver for use of terminology and opt for specificity when using terminology wherever possible;
- b. Where specificity is not possible, to replace use of the acronym and collective term B.A.M.E. with the collective term(s) 'ethnic minority' and 'ethnic minority community'; and
- c. regularly review use of terminology and monitor internal and external debate.



In addition they agreed that Commission officials should seek meetings with those Members of the Senedd who are from an ethnic minority background to discuss the matter further, and that the



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

 Contact@senedd.cymru
 0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

 Contact@senedd.wales
 0300 200 6565

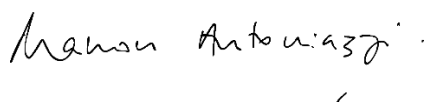
information Commissioners had considered should form the basis of a briefing for Members, initially committee chairs.

Commissioners agreed that the guidance contained in the paper would be published internally to support Commission officials in drafting documents.

The Chairs' Forum will consider the item on Thursday 17 February 2022.

You will be aware that the Commission's Sixth Senedd Diversity and Inclusion Strategy is currently being consulted upon. Members have been asked to engage with the consultation process through the Members' Engagement Survey which is currently live. A number of Members have indicated that they would welcome a further discussion with Commission Officials, and these are currently being arranged. Similarly, if Members of the Public Accounts and Public Administration Committee would find a similar conversation helpful, please let me know, and I can make the necessary arrangements.

Yours sincerely



Manon Antoniazzi

Prif Weithredwr a Chlerc y Senedd / Chief Executive and Clerk of the Senedd

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.



28 February 2022

Dear Vaughan and Jane,

Following publication of the Committee's report A New Direction for HGV Drivers I was contacted by Displaced People in Action who informed me that many of the Afghan people who arrived in Wales in 2021, have experience of driving very large vehicles, which often comes from military service. Displaced People in Action have told me that many of those with experience would be keen to become HGV Drivers here in Wales. They also refer to the provision of free training to get HGV licenses which is being provided in England by the UK Government.

Recruiting arrivals from Afghanistan as HGV drivers seems as if it could help to alleviate the current drivers shortages we face. Please could you let me know the following:

- Has the Welsh Government considered promoting the **HGV driver apprenticeship programme** directly to refugees in Wales, including those who arrived from Afghanistan last year?
- The UK Government's website describes **HGV Skills Bootcamps** as "free training courses in England." Please can you clarify whether refugees in Wales can access these, and whether you would consider supporting them to access the training either via transport to an English course or by running a similar course in Wales?

I am copying this letter to Jenny Rathbone MS in her capacity as the Equality and Social Justice Committee and to Delyth Jewell MS in her capacity as Chair of the Culture, Communications, Welsh Language, Sport and International Relations Committee.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.

Lesley Griffiths AS/MS

Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: LG/0218/22

Paul Davies MS
Chair
Economy, Trade and Rural Affairs Committee

Paul.davies@senedd.wales

2 March 2022

Dear Paul,

I am writing to inform you of my approval being granted for a Statutory Instrument being made by the UK Government which contains elements within the competence of Welsh Ministers.

The Agriculture and Horticulture Development Board (Amendment Order 2022) will make changes to the Agriculture and Horticulture Development Board Order 2008, a UK wide SI, following a UK wide consultation with industry and stakeholders.

I am agreeing, in this case, to give approval to Victoria Prentis, the Minister for Farming, Fisheries and Food to make changes to The Agriculture and Horticulture Development Board Order 2008. The Agriculture and Horticulture Development Board was established by the 2008 Order under powers provided in the Natural Environment and Rural Communities Act 2006 (the NERC Act).

This instrument amends the 2008 Order and is made by the Secretary of State under powers conferred by sections 87(1)(a), 88 and 97(1) of, and paragraphs 5 and 6 of Schedule 10 to, the Natural Environment and Rural Communities Act 2006 with the approval of Welsh Ministers.

Section 87 of the NERC Act provides the “appropriate authority” with the power to make an Order which establishes a body for a purpose or purposes falling within section 88 (Permissible purposes of boards) and to assign to it a function or functions falling within section 89 (Permissible functions of boards).

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

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.

The “appropriate authority” is defined in section 96(1) of the NERC Act, in relation to the matters mentioned in subsection 96(2), the SoS acting with the approval of the National Assembly for Wales, the Scottish Ministers or (as the case may be) the relevant Northern Ireland department. For current purposes, the matters are “exercising other powers in relation to a cross-border function of a board”.

The period for which I am giving approval is limited to the passage of the Regulations.

Under Section 96(1) of the NERC Act, the Welsh Ministers are the “appropriate authority” and have the power to legislate in relation to matters concerning Wales. However, as the proposed amendments will affect the cross-border functions of AHDB, the SoS (with the approval of the Devolved Governments) is the appropriate authority. The Welsh Ministers are not, under the powers contained in the NERC Act, able to make an SI of this nature.

Wales’ interests remain protected with the passage of the Order which requires the approval of Welsh Ministers.

Welsh Government officials discussed and refined the 2022 Amendment Order with counterparts in DEFRA, the Scottish Government and DAERA, including the development of the consultation document and the responses which have shaped the content of the Order. The UK Government continue to recognise the areas in which the Order applies to Wales as within the competence of Welsh Ministers. DEFRA officials have been aware of the need to seek the approval of Welsh Ministers for the 2022 Amendment Order and have fully engaged with officials as the Order has been drafted and reflected comments within the Order.

I am copying this letter to the Chair of Legislation, Justice and Constitution Committee for information.

Regards,

A handwritten signature in black ink, reading 'Lesley Griffiths'. The signature is fluid and cursive, with the first name 'Lesley' and the last name 'Griffiths' clearly distinguishable.

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

Paul Davies MS

Chair of Economy, Trade & Rural Affairs Committee

2 March 2022

Dear Paul,

Thank you for your draft report of 14 February following my evidence to the Committee of 20 January on Economy spending plans in the 2022-23 Draft Budget.

Please find attached our response to the Committee's report.

Yours sincerely,



Vaughan Gething AS/MS

Gweinidog yr Economi
Minister for Economy

Recommendation 7. The Welsh Government should supply the Committee with a breakdown of the funding allocation and associated objectives for the action plan which will support Let's Shape the Future.

Response: Accept

In March 2021, the Welsh Government published a recovery plan for the visitor economy, 'Let's Shape the Future', which has been the main focus of activity over the past year as an important short to medium term focus to support the recovery from the pandemic. The delivery of the recovery plan will be concluded at the end of the current financial year. A delivery report will be published shortly and we are now effectively bridging back to our long-term strategic plan, 'Welcome to Wales: priorities for the visitor economy 2020-25'.

Financial Implications

The Business Plan for 2022-23 is being developed to deliver on our Welcome to Wales priorities and will provide a balance between capital and revenue expenditure to directly support the sector through the continuing recovery phase and further development of a sustainable tourism offer. The Welsh Government's draft Budget for 2022-23 provided an allocation of £5m capital and £11.962m revenue for tourism. We will be happy to provide a more detailed breakdown of allocations once the Business Plan has been finalised.

Recommendation 8. The Welsh Government should consider developing a package of targeted assistance to support economic recovery in those sectors most affected by the recent restrictions.

Response: Accept

Dedicated provision of information, guidance, advice and support is offered through the Business Wales, Development Bank of Wales, Regional Development and Innovation support through the Welsh Government and we continue to keep under review the support needed for business to start, sustain and grow.

Financial Implications

Funding has been secured up to March 2025 to continue to deliver dedicated support available through the Welsh Government and officials are working on the detail of provision for this period. Current provision can be tailored to meet needs of for examples regions or sectors where it is required. However, if there is a requirement to scale up provision this would lead to the need to secure additional funding.

Recommendation 9. The Welsh Government should provide detail on the specific activity the revenue and capital allocations for the Community Bank will be used to support.

Response: Accept

Our vision for the Community Bank for Wales is one that is based on the mutual model, owned by, and run for, the benefit of its members, rather than the maximisation of profit for shareholders. It will be a modern full service community

bank, headquartered in Wales. It will provide access to bilingual products and services, through a range of channels including digital, online and in-branch.

I made an Oral Statement on 14 December 2021 providing an update on the progress of Banc Cambria, welcoming the announcement by the Monmouthshire Building Society (MBS) stating its intent to develop its approach to delivering a community bank in Wales.

We are committed to supporting the creation of a Community Bank for Wales, working closely with Cambria Cydfuddiannol Ltd and the Monmouthshire Building Society, responding to and providing appropriate support, as they continue to develop their strategic and operational delivery plans to establish Banc Cambria.

Building from the outline proposal from the Monmouthshire Building Society in 2021, it is anticipated that a detailed investment proposal will be received during 2022 seeking a commercial investment from the Welsh Government and other investors.

The capital allocation set aside for Community Bank establishes the capacity to consider such an investment in due course on terms that are commercial in nature.

Financial Implications

I am responsible for the Community Bank during its development phase, supported by revenue funding of £0.150m across 2022-23 and 2023-24 for ongoing policy development and research via procurement of external expertise / reports in areas such as economic impact assessment, financial due diligence and legal advice.

My colleague, the Minister for Social Justice is leading on the capital investment to establish the Community Bank. The establishment of the Community Bank by Monmouth Building Society is dependent on new capital being introduced to the Society. These are 3 year budgets and therefore do not include the later years capital requirements. A full investment proposal is expected from MBS in the latter part of 2022 and will be commercial in nature.

<p>Recommendation 10. On an annual basis, the Welsh Government should apprise the Committee of progress against its target of doubling the size of the employee-owned sector by the end of the Senedd.</p>

Response: Accept

Employee Ownership Wales is part of the Social Business Wales programme funded by the Welsh Government and the European Regional Development Fund up until March 2023. Following March 2023 funding has been secured through the Welsh Government to continue providing support and to promote employee ownership in Wales.

Fully-funded, bespoke advice is provided to help decide if Employee Ownership and Share Schemes are the right solution for the business. Options Appraisal and then to oversee the design and implementation of the chosen Employee Ownership structure.

Wales currently has 30 fully operational employee owned businesses with four of these formed in 2020.

The Welsh Government has recently approved £0.070m additional support for promoting employee ownership in Wales. The funding will help support the development of marketing materials and campaigns for employee ownership.

Financial Implications

No financial implications with continued commitment to Business Wales and Development Bank Wales.

Recommendation 11. The Welsh Government should update the Committee on the outcomes of their discussion with the Development Bank of Wales including around their resources and how they can support businesses to succeed.

Response: Accept

The Development Bank of Wales is a key part of the Welsh Government's strategy to support the economy of Wales by making it easier for businesses to get the finance they need to start up, strengthen and grow. The Development Bank is well capitalised and stands able to offer both debt and equity based finance solutions via a portfolio of 16 live funds relevant to businesses at different stages of their development and growth.

The Welsh Government issued a Term of Government Remit Letter to the Development Bank of Wales in November 2021. This Remit articulates high level policy aims for DBW, sets the direction and focus for DBW over the term of this Government and provides a point of reference for Welsh Ministers in the overall performance management of DBW. The Remit letter makes specific reference to Programme for Government commitments which DBW are expected to play a key role in delivering, notably: (i) expanding access to patient capital, and (ii) increasing the use of equity stakes.

Responding to the Remit Letter, in May 2022 the Board of DBW will bring forward a Corporate Strategy for the period 2022-27 which will address the key policy objectives and organisational challenges.

In total, the Development Bank invested £197.6 million in the 2020/21 financial year. Whilst £92 million in loans came from the Covid-19 Wales Business Loan Scheme (CWBL) to support companies through the pandemic, investments from all 'business-as-usual' funds remained stable. £105.6 million provided a range of support for businesses across all areas of the economy and all stages of growth.

This current financial year, during the nine-month period from April to December 2021, the Development Banks made £79 million of loans and equity investments into over 300 Welsh businesses and is on track to meet targets for the year.

The Welsh Government's ongoing commitment to business support was clearly demonstrated through the significant £270m capitalisation of the Wales Flexible

Investment Fund in 2021. This action provides a bridge that will allow the organisation to maintain levels of business lending as access to EU funds end.

At the end of the 2020/21 financial year, the Development Bank had £724m of FT Capital and general capital available to invest in future years in line with agreed business cases. This positions the bank to make business and property investments at a rate of over £130m per annum on average over the next 7 years – maintaining a supply of accessible finance to businesses.

The bank is structured as a nationwide organisation in order for it to successfully support businesses across all of Wales. It has over 80 investment managers who support businesses needs from its 5 offices in Wrexham, Cardiff, Llanelli, Llandudno Junction and Newtown. It continues to work closely with all business and stakeholder organisations in the Welsh financial ecosystem including Business Wales and the Wales Co-operative Centre.

Financial Implications

No financial implications.

Recommendation 12. The Welsh Government should provide more detail on the risk to the future of Business Wales and set out the implications for businesses if overall funding for Business Wales is not maintained at the current level.

Response: Accept

Funding has been secured up until March 2025 as part of the Welsh Government draft budget proposals, to ensure there is a continuation of information, guidance, advice and support to businesses in Wales through the Business Wales service. Securing funding up to March 2025 has come at a cost to other activities and financial means to support business development and innovation.

Financial Implications

No financial implications.

Recommendation 13. The Welsh Government should set out how it intends the allocation for degree apprenticeships to be spent and its plans for expanding the courses and increasing diversity of degree apprentices in line with the Economy, Infrastructure and Skills Committee's 2020 report.

Response: Accept

We intend to work closely with the Higher Education Funding Council for Wales (HEFCW) and other stakeholders to scope the expansion of the Degree Apprenticeship programme. Expansion is expected to be focussed on existing programmes in Digital/ICT and Advanced Manufacturing as well as the development of new pathways informed by Regional Skills Partnership's employment and skills plans, the outcomes of the programme evaluation, investment priorities and budget. The evaluation includes gathering views of learners. We are already working with HEFCW to improve the marketing of degree apprenticeships to stimulate both learner and employer demand, with a particular focus on programme reach.

Financial Implications

£22m has been secured within the Work Based Learning BEL for the next three years to support investment in the expansion of the Degree Apprenticeship programme. This budget will be transferred to the Education and Welsh Language MEG to enable HEFCW to deliver the programme, working directly with the university sector across Wales.

Recommendation 14. The Welsh Government should clearly set out to the Committee how this budget supports the objective of winning competitive research and innovation funding to replace the EU funding that will be lost to Wales.

Response: Accept in principle

We have delivered on the recommendation to reinsert an innovation fund; £15m was provided in 2021-22, alongside £81.7m for quality research (QR) to HEFCW. We have also provided £2m additional funding for the Wales Innovation Network. The Network was established in response to Professor Graeme Reid's 2020 report, 'Strength in Diversity', which recommended the creation of a new initiative to tap into the diversity of Wales' research and innovation capacity through collaboration.

We will continue to work across the Welsh Government Cabinet, with UKRI and Innovate UK and are committed to growing research and innovation with increasing emphasis on R,D&I closer to market and aligned with Wales' industrial, business and societal needs. We are working across Government, and with HEFCW, to develop plans to support increased high quality bidding to UK Government and other external sources of research and innovation funding. These plans will be aligned to the current needs of the R,D&I ecosystem, and will rely on strong collaboration, capacity and capability building, rather than replacing EU funded activity like for like.

Winning competitive research and innovation funding is not simply a function of the Welsh Government budget. Partners – especially in further and higher education as well as industry – will need to reconsider their approach and crucially the UK Government and UK funding bodies will need to address the significant imbalance in the way that UK research and innovation funds are skewed towards south east England. The recent UK Government "levelling up" announcements would amount to £9m more in research and innovation funding for Wales whilst £60m has been lost because despite repeated unambiguous pledges former EU funds have not been replaced in full. There is therefore a £51m deficit in addition to the skewing of UK research and innovation funds away from Wales and a number of English regions.

Financial Implications

The 2022-23 Draft Budget maintains the level of funding to HEFCW. It will be for HEFCW to determine the distribution of funds allocated.

Recommendation 15. The Economy, Trade and Rural Affairs Committee and the Children, Young People and Education Committee jointly recommend that the Welsh Government should set out a breakdown of the contributions from each Main Expenditure Group, at Budget Expenditure Line level, that combine to make the total

£500m estimated funding required to deliver the Young Person's Guarantee. This breakdown should make it clear what is new funding and what is a continuation of existing programmes.

Response: Accept

We are investing over £500m in the Young Person's Guarantee in 2022-23. This will be made up of:

- £20 million in new funding has been allocated in the Economy MEG to the Employability including Young Peoples Guarantee BEL to support the expected new Young People Not in Education, Employment or Training (NEET) cohort in 2022-23.
- £513.8m in existing funding will continue to support those 16-24 NEETS through numerous interventions, and underpinned by the Working Wales advice service, delivered by Careers Wales. The estimated contribution by MEG is:
 - £463.5 in the Education and the Welsh Language MEG;
 - £47.9m in the Economy MEG; and
 - £2.4m in the Finance and Local Government MEG.

Details of the funding by Budget Expenditure Line (BEL) level is shown in the table below.

BEL	Education and Welsh Language MEG £000	Economy MEG £000	Finance and Local Government MEG £000	Total £000
Post-16 Provision	463,500			463,500
Employability including YPG		44,000		44,000
Communities for Work		790		790
Children and Communities Grant			2,400	2,400
Parents Childcare and Employment		600		600
Business Wales		2,500		2,500
Existing budget	463,500	47,890	2,400	513,790
Employability including YPG		20,000		20,000
New budget	-	20,000	-	20,000
Total budget	463,500	67,890	2,400	533,790

Financial Implications

None, as the recommendation relates to keeping the Committee informed.

Recommendation 16. The Welsh Government should consider allocating specific funding to ensure Welsh businesses are able to maximise opportunities and prepare for changes resulting from new free trade agreements.

Response: Reject

Our Programme for Government commits us to delivering an ambitious programme of export support through the implementation of the Export Action Plan for Wales. The overarching aim of the Plan is to create a strong, vibrant and sustainable exporting sector; and, put in place a comprehensive range of export programmes to support businesses on their export journey. This ranges from inspiring businesses to export; building export capability; helping businesses find overseas customers; and accessing overseas markets, including those where Free Trade Agreements are agreed. Within this, the plan includes actions to support businesses to prepare for and maximise opportunities from any new free trade agreements, including, for example, through dedicated 'on-the ground' support and advice via our team of International Trade Advisers, based across Wales; a programme of webinars on specific exporting topics and markets; trade missions to key markets; and through our new export cluster initiative. Given the breadth of activity being delivered through the Plan, and in the context of a continually changing global trading environment, it is important that there is sufficient flexibility within the budget to deliver on all of the above areas. We will continue to review our programmes and activities to ensure businesses can take advantage of any new opportunities as they emerge.

In addition to our export plan officials will work across the Welsh Government to ensure that everyone who deals directly with businesses understands the opportunities presented by, and potential impacts of, the new FTAs'. The Trade Policy team has already begun the process of implementing an internal communication programme to promote the opportunities available to companies in Wales via the export and business and regions teams who promote and deliver support services.

Financial Implications

None

<p>Recommendation 17. The Welsh Government should keep the Committee updated on the developments of new border control posts in Wales, as well as the outcomes of internal and inter-governmental discussions around their funding</p>

Response: Accept

As I previously explained to the committee, we are still in the design and planning phase for our border control posts, with Holyhead at a more advanced stage than South West Wales.

The Committee will be aware that the UK Government has agreed in principle to fund build costs for both permanent and interim facilities upon submission of a reserve claim, supported by business cases for North and South West Wales. While the UK Government has conditionally agreed to fund the construction costs of the BCPs, it has explicitly said it will not meet the operational costs. Welsh Treasury officials remain in discussion with HM Treasury on funding for upfront set up costs and operational costs.

I will be happy to update the Committee at key stages.

The uncertainty around Northern Ireland protocol remains a concern. As I informed the Senedd at the beginning of the year, the UK Government has once again extended staged controls for all movements of goods from the island of Ireland to Great Britain beyond 1 January 2022; raising uncertainty for the Government and others who have to make preparations.

Financial Implications

None, as the recommendation relates to keeping the Committee informed.



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/LG/0612/22

Huw Irranca-Davies MS
Chair
Legislation, Justice and Constitution Committee

Huw.irranca-davies@senedd.wales

3 March 2022

Dear Huw,

The Ivory Prohibitions (Civil Sanctions) Regulations 2022 and The Ivory Act 2018 (Commencement No. 2 and Transitional Provision) Regulations 2022

I am writing to make you aware I am giving consent to the Secretary of State for Environment, Food and Rural Affairs to lay The Ivory Prohibitions (Civil Sanctions) Regulations on 16 March 2022. These regulations will come into force on 6 June 2022.

Agreement was sought by Victoria Prentis MP, Minister for Farming, Fisheries and Food to make these regulations, which will apply to the United Kingdom.

The Ivory Prohibitions (Civil Sanctions) Regulations 2022 ("the Enforcement Regulations") makes detailed provision for the operation of the enforcement processes under the Ivory Act 2018 and will apply to the UK as a whole.

The Ivory Act (Commencement No.2 and Transitional Provision) Regulations 2022) accompanies the Enforcement Regulations. These regulations commence sections of the Act on 6 June, where the prohibition of ivory sales in the UK will commence.

It is normally the policy of the Welsh Government to legislate for Wales in matters of devolved competence. However, as the Welsh Government's position on ivory trade aligns with that of DEFRA and the other UK administrations, I am giving my consent to the proposed legislation which I believe will bring consistency to the introduction of an ivory sales prohibition in the UK.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

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.

Without such consent, Wales would be left out of alignment with other UK administrations in its approach to ivory sale prohibition. This could reduce the positive impacts of banning ivory sales across the UK and maintain demand for products containing ivory, thus contributing to the persisting threat to global elephant populations, which are illegally poached for ivory.

I am copying this letter to the Climate Change, Environment, and Infrastructure Committee, and the Economy, Trade, and Rural Affairs Committee for their information.

Regards,

A handwritten signature in black ink, reading 'Lesley Griffiths'. The signature is fluid and cursive, with the first name 'Lesley' and the surname 'Griffiths' clearly distinguishable.

Lesley Griffiths AS/MS

Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA-VG-0726-22

Paul Davies MS
Chair, Economy, Trade & Rural Affairs Committee

SeneddEconomy@senedd.wales

3 March 2022

Dear Paul,

Thank you for your letter of 8 February in relation to the Legislative Consent Memorandum (LCM) on the Commercial Rent (Coronavirus) Bill.

Since the laying the LCM there have been urgent and extensive discussions between the UK Government and the Welsh Government at both an official and ministerial level.

I have been unable to provide meaningful or detailed updates given the fast paced and changing nature of those discussions and the proposals being discussed. However, following some recent movement by the UK Government from their original positioning, I have today laid a supplementary LCM recommending consent to the Bill on the basis of the proposed amended clauses tabled by the UK Government for consideration at Lords Report stage on 14 March.

Yours sincerely,

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Vaughan.Gething@llyw.cymru
Correspondence.Vaughan.Gething@gov.wales

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.

Paul Davies MS
Chair, Economy, Trade & Rural Affairs Committee

07 March 2022

Dear Paul,

Thank you for the Economy, Trade & Rural Affairs Committee's report on your Scrutiny of the Government's Draft Budget 2022 – 23. Please find attached a response to the recommendations in the first chapter relating to my portfolio responsibilities.

Yours sincerely,



Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

Response to Economy, Trade & Rural Affairs Committee report - Scrutiny of the Welsh Government's Draft Budget 2022/23.

Recommendation 1

The Committee recommends that:

Welsh Government must ensure Local Authorities are properly resourced to enforce the Animal Welfare Plan for Wales 2021-26.

Response: Accept

Our five-year Animal Welfare Plan for Wales (AWPW) is cross cutting and embeds the four Programme for Government commitments in kept animal welfare. It also outlines how we will integrate a broad range of ongoing animal welfare policy work, including statutory guidance for existing Regulations, licensing of animal exhibits, microchipping of dogs and cats, welfare of animals in transport, and Codes of Practice. The need for review of existing animal welfare legislation is recognised, along with maintaining some flexibility should new policy actions be required. Finally, the plan addresses how, and where appropriate, we will work in collaboration with other UK administrations to achieve our objectives in the best interests of animal welfare in Wales, and beyond.

Working in partnership is key to the success of our plan which recognises the enforcement role of Local Authorities, particularly in the Programme for Government commitment to improve the qualifications for animal welfare inspectors to raise their professional status. The Welsh Government-funded Local Authority Enforcement Project currently plays a key role in the delivery of this commitment. Now in its second year, the project is delivering enhancements to the training of Local Authority enforcement officers and an improved use of existing resources within Local Authorities across Wales. Initially focused in the area of Dog Breeding, the project has been expanded to include the enforcement of our recently introduced licensing regime relating to Pet Sales through the Animal Welfare (Licencing of Activities Involving Animals) (Wales) 2021 Regulations. This expansion has been supported by additional resource from Welsh Government over two years to enable the recruitment of further expertise via dedicated animal licensing officers to provide the necessary specialist training and will be met from existing budgets.

Financial Implications – None.

Recommendation 2

The Committee recommends that:

The Minister for Rural Affairs, North Wales and Trefnydd and the Minister for Climate Change work together to ensure that the Natural Resources Wales core 'grant in aid' funding should be increased to reflect the increased workload created by enforcing the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 as they stand.

Response: Accept in principle

Following the recent completion of its baseline review, NRW is working with Welsh Government officials to co-design service level agreements (SLAs) for each policy/delivery area that define the expected level of service, the metrics by which that service will be performance measured and the associated funding that is required to deliver the agreed service. The development of the SLA's are to be completed by October 2022, and are anticipated to include the administration of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021. Where this is the case, the development of the SLAs will explore the relationship between the delivery of pre-existing statutory functions that have been carried forward within the Regulations, including those functions which will not be replaced until the end of the relevant transitional periods, and any new responsibilities.

The Minister for Rural Affairs, North Wales, and Trefnydd and the Minister for Climate Change will work together to ensure that the Natural Resources Wales' funding reflects the SLAs as appropriate.

Recommendation 3

The Committee recommends that:

The Welsh Government should set aside clear funding for engagement with farmers around the transition to a new model of farming support.

Response: Accept

Funding for the second phase of co-design has been allocated. This work will begin in July 2022 gathering farmer views and feedback on the proposed Sustainable Farming Scheme. A consultation on our final proposals will then follow in 2023. A farmer outreach programme is also being scoped for 2024 prior to the launch of the Sustainable Farming Scheme in 2025.

Recommendation 4

The Committee recommends that:

The Welsh Government must consider the additional administration created by the proposed large number of unique contracts under the Sustainable Farming Scheme and allocate funding accordingly.

Response: Accept

A cost benefit analysis, which will consider the administrative costs of delivering the proposed Sustainable Farming Scheme, will be published alongside the Agriculture Bill. We are also seeking feedback from farmers on the structure of the Scheme in the second phase of co-design.

Recommendation 5

The Committee recommends that:

The Minister should continue to press the UK Government to reconsider the methodology for determining replacement EU funding for agricultural support and address the shortfall in funding for 2021-22. She should report back to the Committee on the outcome as soon as practicable.

Response: Accept

The UK Government has repeatedly refused to engage on the concerns the Welsh Government (and the other devolved governments) have highlighted with the methodology adopted.

The Minister for Finance and Local Government wrote to the Chief Secretary to the Treasury, in conjunction with Finance Ministers from the Scottish and Northern Irish administrations, in October 2021. She set out our shared concerns about the methodology for replacement funding, and has asked for this to be reconsidered. There was no response from the UK Government.

The Finance Minister further raised this directly with the Chief Secretary at the Finance Ministers' Quadrilateral on 12 January, noting the UK Government's intention to also extend this methodology to replacement Structural Funds. This will result in the loss of close to £1bn in funding for Wales.

I will continue to keep the Committee informed of efforts to press the UK Government to reconsider the methodology for determining replacement EU funding for agricultural support and address the shortfall in funding for 2021-22. I am grateful for the cross party support from the Committee and your continued representations on this issue would be welcomed.

Financial Implications – None. It is considered highly unlikely UK Government will reconsider its methodology or do anything to address the £242m shortfall in funding provided for rural support in financial years 2021/22, 2022/23 or 2023/24. This position was taken into account in the Welsh Government's draft Budget published in December 2021.

Recommendation 6

The Committee recommends that:

The Welsh Government should write to the Committee with clarity over budget allocations for its fisheries functions.

Response: Accept

The overall Resource Budget for the '*Fisheries and aquaculture including the enforcement of Welsh Fisheries*' Action, provided in the Draft Budget BEL table and evidence paper was £5.813m. This is set out in the table below.

At the time of the publication of the Draft Budget, Fisheries Schemes BEL 2830 included £2.1m allocated for the EU replacement funding, which will be transferred to the Fisheries BEL 2870 at the earliest opportunity to better align this area of work for fisheries policy. The Fisheries Schemes BEL 2830 is the domestic contribution only for the current EMFF programme and is £565K.

The Fiscal Resource budget for Fisheries (BEL 2870) in 2022-23 is just over £4.5m (£4.674m), and £574K of Non-Fiscal Resource (Depreciation) allocated for the Vessel Fleet (Total £5.248m)

The table below summarises the expected transfers to the budget position for the Fisheries and Fisheries Schemes (previously EU Funded Fisheries Schemes) BEL's at the next available opportunity.

BEL Description	BEL Number	Control	2022-23 Draft Budget	Budget Adjustments to be Actioned	2022-23 Final Budget
Fisheries Schemes	2830	Fiscal Resource	2,665	-2,100	565
Fisheries	2870	Fiscal Resource	2,574	2,100	4,674
Fisheries	2870	Non-Fiscal Resource	574	0	574
TOTAL			5,813	0	5,813

The Fisheries budget will fund a number of statutory and policy issues in the following areas:

- Control and Enforcement including Fisheries Digital Systems
- Domestic Fisheries Policy
- Fisheries Evidence Requirements
- Fisheries Trade.

The Committee should note that Marine budgets are now the responsibility of the Minister for Climate Change and allocations have been included within the Climate Change MEG.



Llywodraeth Cymru
Welsh Government

Paul Davies MS
Chair
Economy, Trade, and Rural Affairs Committee

Paul.Davies@senedd.wales

8 March 2022

Dear Paul,

Following the Joint Fisheries Statement (JFS) evidence session on 3 February, I wish to follow up on two points:

Labelling and traceability

As I said in Committee we are at the early scoping stages working with other Fisheries Policy Authorities (FPAs). Any future schemes will need to be compliant with food safety and packaging regulations and will need to ensure fisheries products are traceable back to source right along the supply chain.

Labelling and traceability schemes need to be transparent allowing the consumers to know their fish has been caught in a responsible, safe and ethical manner, is safe to eat and where it came from.

There are numerous accreditation schemes available across the UK food and drink industry. The adoption of an existing scheme or development of a new one by industry will need careful consideration, to ensure they are fit for purpose within the seafood sector. It will be important, when considering this with the other FPAs, that we benefit from lessons learnt from Food and Drink and Agriculture sector schemes across the UK and review research on consumer and stakeholder attitudes and expectations prior to taking this work forward.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Lesley.Griffiths@llyw.cymru
Correspondence.Lesley.Griffiths@gov.wales

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.

Until the JFS is agreed and detailed discussions have taken place we are not in a position to provide any details or indicative costs to government or industry at this stage.

Fisheries Management and Support Framework

I informed the Committee of the publication of the Framework Outline Agreement and Memorandum of Understanding for the Fisheries Management and Support Common Framework on 17 February. I am happy to engage with the Committee further, in person or in correspondence on these documents.

Regards,

A handwritten signature in black ink, reading 'Lesley Griffiths'. The signature is written in a cursive style with a large, sweeping 'L' and a long, flowing 'S' at the end.

Lesley Griffiths AS/MS

**Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd**

Agenda Item 2.8

Jeremy Miles AS/MS
Gweinidog y Gymraeg ac Addysg
Minister for Education and Welsh Language



Llywodraeth Cymru
Welsh Government

Paul Davies MS
Chair, Economy, Trade, and Rural Affairs Committee
Senedd Cymru
SeneddEconomy@senedd.wales

8 March 2022

Dear Paul,

I am writing to inform you that on 22 February the UK Government tabled two amendments to the Professional Qualifications Bill.

The UK Government intends to hold House of Commons Report Stage imminently. This unfortunately leaves no opportunity for the Senedd to consider the amendments before Report Stage is completed. This also means the UK Government are proceeding with the Bill without securing legislative consent from the Senedd, or indeed any of the Devolved Governments. This is wholly unacceptable and is a breach of the Sewel convention. Although the 'carve out' amendment is welcome, the tabled amendments do not fully address my concerns.

The amendments will require a further Supplementary Legislative Consent Memorandum (Memorandum No 3) to be laid before the Senedd. I will write to you again to set out my position on the amendments, which are attached below.

Yours sincerely,

Jeremy Miles AS/MS
Gweinidog y Gymraeg ac Addysg
Minister for Education and Welsh Language

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Jeremy.Miles@llyw.cymru
Correspondence.Jeremy.Miles@gov.wales

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.

Sub-clause 16 (7)

(7) In Schedule 7B to the Government of Wales Act 2006 (general restrictions on legislative competence of Senedd Cymru) in paragraph 11(6)(b) (exceptions to restrictions relating to Ministers of the Crown)—

- (a) omit the “or” at the end of paragraph (vi), and
- (b) after paragraph (vii) insert “; or
- (viii) the Professional Qualifications Act 2022”.

New Clause

“Consultation with devolved authorities

- (1) Before making regulations under this Act, the Secretary of State or the Lord Chancellor must consult—
 - (a) the Welsh Ministers, to the extent that the regulations contain provision which could also be made by the Welsh Ministers by virtue of section 16(2) (ignoring any requirement for the consent of a Minister of the Crown under section 16(5));
 - (b) the Scottish Ministers, to the extent that the regulations contain provision which could also be made by the Scottish Ministers by virtue of section 16(3);
 - (c) a Northern Ireland department, to the extent that the regulations contain provision which could also be made by a Northern Ireland department by virtue of section 16(4).
- (2) The Northern Ireland department which is to be consulted in accordance with subsection (1)(c) is such Northern Ireland department as the Secretary of State or (as the case may be) the Lord Chancellor considers appropriate having regard to the provision which is to be contained in the regulations concerned.
- (3) Before making regulations under this Act in relation to which the Secretary of State or the Lord Chancellor has consulted a devolved authority (or more than one devolved authority) in accordance with subsection (1), the Secretary of State or (as the case may be) the Lord Chancellor must publish a report on the consultation.
- (4) But the Secretary of State or (as the case may be) the Lord Chancellor may not publish the report unless either—
 - (a) the devolved authority concerned (or, if more than one, each of them) has agreed to the description included in the report for the purposes of subsection (5)(a), or
 - (b) there is no such agreement but the period of 30 days, beginning with the day on which a draft of the report was first sent to the devolved authority concerned (or, if more than one, the last of them), has expired.
- (5) The report on the consultation must include—
 - (a) a description of—
 - (i) the process undertaken in order to comply with subsection (1), and
 - (ii) any agreement, objection or other views expressed as part of that process by the devolved authority (or devolved authorities) concerned, and
 - (b) an explanation of whether and how such views have been taken into account in the regulations (including, in a case where the Secretary of State or (as the case may be) the Lord Chancellor proposes to make the

regulations despite an objection, an explanation of the reasons for doing so).

- (6) The duty to consult in subsection (1) does not apply in relation to any revision of the regulations which arises from the consultation; and, for the purposes of subsection (4)(b), the draft report need not be identical to the published report for the period of 30 days to begin.
- (7) In this section “devolved authority” means the Scottish Ministers, the Welsh Ministers or a Northern Ireland

Paul Davies AM
Chair, Economy Trade and Rural Affairs Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

10th March 2022

Dear Paul,

Annual report scrutiny - Development Bank of Wales

Thank you for the invitation to speak with the committee last month and for the opportunity to answer questions on the performance of the Development Bank and the strategic challenges and opportunities arising from the pandemic and economic recovery.

You have requested that I keep the committee updated with progress on three key issues raised during the session:

Wales Flexible Investment Fund

In the term of government Remit Letter for the Development Bank of Wales, the Minister set out his expectation that the Development Bank should identify options for the Wales Flexible Investment Fund to operate on an evergreen basis. This is a medium-term objective for the Development Bank and the Minister expects to review progress at the mid-term point of the fund in 2025/26. I would be pleased to update the committee on the outcome of this work in due course.

Greener jobs and decarbonisation

Supporting the Welsh Government's decarbonisation agenda will be a key priority for the Development Bank across this term of Government and we welcome the opportunity to provide a further update to the committee as plans progress.

Development Bank of Wales Plc

1 Capital Quarter, Tyndall Street, Cardiff CF10 4BZ
029 2033 8100 | info@developmentbank.wales | developmentbank.wales

Development Bank of Wales Plc is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at www.developmentbank.wales



Employee-owned businesses

Since 2017, the Development Bank has supported 57 companies with £21.5m of finance for management buy-outs including 1 employee ownership trust (EOT). Typically the management buy-outs that we fund, involve the owner of a business selling to the employed management team. This is promoted by Employee Ownership Wales as one employee ownership option alongside EOT's and Employee Share Schemes.

While EOT's have historically been relatively uncommon, changes to the tax benefits of this type of transaction have been driving growth steadily since 2014, largely driven by SME's. The Employee Ownership Association reported 576 EOT's across the whole of the UK which, while still a very small proportion of total business population, is a significant increase from 17 in 2014.

The team are currently working closely with Social Business Wales and the Wales Co-operative Centre on a dedicated campaign to promote employee buyouts as a viable option to owners who may be considering their succession options. Sufficient capital to support these transactions is readily available from existing funds and identifying businesses suitable for succession deals has been a key focus for our marketing and business development activity in recent years.

I look forward to further updating the committee on progress later this year,

Yours sincerely



Giles Thorley

Chief Executive

By email

Paul Davies MS
[Chair of Economy, Trade, and Rural Affairs Committee](#)
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

10 March 2022

Dear Chair

Border Controls Posts

I'm writing to provide an update on the Welsh Government's programme to establish border control posts in Wales following the UK's exit from the European Union.

I can confirm that, as I announced to the Senedd in my statement of 10 March, I have appointed Kier Construction Ltd. as the contractor for the design of the proposed permanent Border Control Post facility to be situated at plot 9, Parc Cybi Holyhead. During the design stage of the contract Kier will work with the Welsh Government to produce detailed designs for the facility, which will then allow the cost and timetable to be confirmed. The build stage is subject to the granting of planning permission via a Special Development Order with a decision expected in May. I expect that the BCP will be operational by April 2023.

As you know, interim arrangements are being developed for each of the three Welsh ferry ports, to take effect from 1 July. This will ensure we maintain the flow of imports from the island of Ireland whilst protecting biosecurity and food safety. We continue to develop these plans with input from the local authorities and relevant enforcement agencies, (including the Animal and Plant Health Agency (APHA), as well as the ports.

My written statement also noted that negotiations have been terminated for the site at Johnston (for the combined BCP serving the two Pembrokeshire ferry ports) following site surveys which revealed a large number of bat species. The interim arrangements allow more time to consider all the options for the permanent BCP arrangements, whilst monitoring trade flow data and I am not ruling out any options at this stage. I expect to make a further statement after July.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Vaughan.Gething@llyw.cymru
Correspondence.Vaughan.Gething@gov.wales

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.

In December the UK Government extended staged controls for all movements of goods from the island of Ireland to Great Britain beyond 1 January 2022. The Foreign Secretary, Rt Hon Elizabeth Truss MP, wrote to confirm the continuing intention for full checking requirements to be introduced from 1 July - we are therefore planning on that basis. However, the negotiations on the Northern Ireland Protocol and unfettered market access continue to raise uncertainty for those that have to make preparations for the introduction of border controls from July 2022.

Yours sincerely

A handwritten signature in black ink, reading "Vaughan Gething". The signature is written in a cursive, flowing style.

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Agenda Item 3

Document is Restricted

Agenda Item 4

Document is Restricted

Economy, Transport and Rural Affairs Committee

Welsh Government's evidence paper – Tourism, Hospitality and Retail Inquiry

Introduction

The *Economic Resilience and Reconstruction Mission*, published in February 2021, established the fundamental recovery principles and direction for our economic policies. The Programme for Government 2021-26 includes a commitment to progress the Mission.

As part of that progression process, in October I held an Economic summit and subsequently gave an oral statement on Moving the Welsh Economy Forward. I set out a progressive economic policy that focusses on better jobs, narrowing the skills divide and tackling poverty so that we create genuine fairness in how the economy grows. The tourism, hospitality and retail sectors have a key part to play in that ambition.

Despite the return, and subsequent easing, of Covid protection measures following the emergence of the Omicron variant, progress has been made on wide range of economic ambitions and I will make a further Oral Statement on progress on 22 March.

The aim of this paper is to outline the progress that has been achieved over the course of the pandemic and to look ahead to the way we are looking to support and enhance these sectors over the coming years.

Context

Tourism and hospitality plays an important role to the Welsh economy, representing 11.8% and 9.6% of the Welsh workforce, respectively. Meanwhile, the retail sector is the largest private sector employer in Wales, with 120,000 employees and accounting for 5.9% of Welsh GVA.

We recognise that, beyond Covid, there are continuing challenges and our focus and commitment will require an effective response. There are short-term and long-term challenges facing the sectors, such as rebuilding consumer confidence, inflation, cost of living crisis, energy costs, skills and recruitment, over-tourism challenges, and so on. We are fully aware that further action is required over the course of the next few years to help these vital sectors return to sustainable operation and contribute to Wales's recovery.

However, these are sectors with positive prospects due to the nature and quality of the Welsh product offer and strength in the domestic UK market. Funding and support is not solely a means of supporting a challenged industry, but can also an investment in the long-term prosperity of many parts of Wales. We also need to equip the sectors to meet the commitments in our exciting Programme for Government and future-proof the sectors, enabling them to take advantage of opportunities presented in a post-Covid world.

Covid support and recovery

The tourism, hospitality and retail sectors have been severely impacted by the Coronavirus pandemic. Businesses have faced significant and unprecedented challenges from the outset and despite extensive Welsh Government and UK Government financial interventions the downturn of the sector stands to have a longer-lasting impact – economically, socially and culturally - on our communities.

The most immediate priority for us in the short-term is to continue with the recovery of the tourism, hospitality and retail sectors and build, with our partners, their strength and resilience for the future in a sustainable way.

As we approach what we hope is the tail-end of the pandemic it is important to acknowledge the scale and breadth of the support provided. Financially, we have made unprecedented levels of funding available to support businesses through the pandemic, including through the Economic Resilience Fund (ERF) and the non-domestic rates linked grants and discretionary grants which were delivered by local authorities. Since April 2020, through the ERF we have provided a total of £2.6bn to support nearly 300,000 applications across Wales which include the sub-sectors of tourism, hospitality and retail. Many businesses in these sectors have also benefitted from the £108m Cultural Recovery Fund that has been supporting cultural events and individuals throughout the pandemic.

We have also provided recovery plans and support to these sectors throughout the pandemic. In March 2021, we published a recovery plan, *Let's Shape the Future*, for the visitor economy that provided guidance and wider support to the sectors through the pandemic with the aim of bridging back to our longer-term strategic plan, *Welcome to Wales: priorities for the visitor economy 2020-25*. We consider the recovery plan as having reached its conclusion at the end of the 2021-22 financial year. A progress report will be published shortly, which can be shared with the Committee in due course, and we are now effectively bridging back to our long-term strategic plan.

A key feature throughout the pandemic has been the very positive engagement that has taken place with these sectors. A Ministerial-led Visitor Economy Forum has been in place throughout the pandemic covering tourism, hospitality, events, and the night-time economy. In addition a range of specific sectoral groups including, for example events, weddings, retail, and hospitality, have been important mechanisms to engage regularly with stakeholders, communicate important messages and listen to feedback. It is our hope that we harness this enhanced engagement as we continue on our path to recovery and engage on new themes that involve these sectors.

Looking to the future

There is scope to be confident about the rebuilding of the sector. The most recent Tourism Barometer (November 2021) found that the sector enjoyed an extended busy season in to the autumn. Around a quarter (27%) of operators are 'very confident' about running profitably, and about half (49%) are 'fairly confident'. This level of confidence is comparable to pre-Covid autumn periods. However, this

confidence is fragile - as it is not consistent across sub-sectors and competition is likely to be strong. There is a positive intent to take more holiday trips in the next 12 months with trips intentions higher for domestic overnight trips, whilst many remain uncertain about overseas holidays. 7% of those planning a UK trip between January to March 2022 intend to visit Wales, rising to 9% between April and June, both slightly lower than the level in 2021.

Draft Budget 2022-23

The draft Budget published in December provides an allocation of £11.962m revenue and £5m capital per year over the next three year period for tourism. Tourism development and marketing investment is aligned to activity post the recovery plan, *'Let's Shape the Future'* period. It will support the sector as it emerges from the pandemic and bridges back to our overall longer-term strategy, *'Welcome to Wales: priorities for the visitor economy 2020-25'*.

The capital investment of £5m will continue to support high quality visitor experiences and a Brilliant Basics fund for small scale tourism infrastructure improvements. Visit Wales will continue to support innovators in the industry who come forward with high quality, reputation-changing products. Our primary product gap is high-quality accommodation in many parts of Wales, so in line with our move to value over volume, we will work with current businesses to increase their occupancy levels and yield.

We need to continue to invest in the basic tourism infrastructure around Wales, as well as in high quality visitor experiences. Brilliant Basics is a £2.5m capital fund that will deliver basic small-scale tourism infrastructure improvements, and ensure that all visitors to Wales have a positive and memorable experience throughout their stay. Our £50 million Wales Tourism Investment Fund, delivered in partnership with the Development Bank for Wales, will continue to help finance capital investment in projects that grow the sector and have a positive impact on the Welsh economy.

Visit Wales is responsible for delivering activity that supports the sustainable development of the visitor economy across Wales with business marketing, activity to build Wales' reputation and performance as a place to visit, invest, work and study.

Our Transforming Towns programme is providing £136 million and continues to further support the economic and social recovery of town and city centres across Wales. Towns and city centres and their high street businesses are at the heart of our communities. One of our priorities is to secure their long-term sustainability by working with partners to make them more diverse with a wide ranging offer which serves the local community and encourages people to use their local shops, businesses and services.

Furthermore, there will be an additional £116m package of non-domestic rates relief for retail, leisure and hospitality ratepayers in Wales. They will receive 50% non-domestic rates relief in 2022-23. The Retail, Leisure and Hospitality Rates Relief scheme will be capped at £110,000 per business across Wales. Our approach

means that businesses in Wales will receive comparable support to that provided in other parts of the

Our Cymru Wales brand and campaigns also position our language as central to our culture, and project Wales as an outward facing, bilingual nation. In building an economy based on the principles of fair work, sustainability and the industries and services of the future, the business approach will deliver skills/recruitment campaigns, marketing and business support conditions.

Tourism is vital in making our cities, towns and villages even better places in which to live and work by funding schemes and place making activity that put community benefits alongside visitor benefits to “grow tourism for the good of Wales”. Visit Wales will continue to include activity that encourages those from further afield, who may have visited Wales for the first time in the last two years, to pay a return visit as well as making sure that the benefits of taking a holiday at home in Wales is front of mind for our citizens.

Visit Wales’ focus is on spread of business, encouraging higher spend per head and extending the traditional tourism season. Across the UK and in-Wales, activity has been running throughout the Autumn and Winter on digital channels, TV and Video on Demand (VoD) as well as in the press/media.

We are also targeting international visitors that are considering Britain by different activity strands, e.g. utilising digital partnerships to get Wales in front of those already searching for future UK holidays and our relationships with tour operators as well as promoting Wales as a world-class business events destination. We continue to work with VisitBritain to build Wales' position on the international stage.

Events are a vital part of the visitor economy, we have a full programme of supported events and are working in conjunction with the sector to develop a new event strategy for Wales. This will inform our ongoing work to develop indigenous events, attract international events and support the sector more widely.

The skills and recruitment issues will continue to be a key part of our activities. In partnership with the industry-led Wales Tourism and Skills partnership, a campaign was launched in August 2021 to support the sector by raising awareness of the high numbers of vacancies and of the variety of career opportunities available. The campaign is being delivered in partnership with Working Wales – which offers information, support and advice to individuals on training and employment - and will continue into 2022. We continue to highlight the variety of different opportunities for careers by telling real stories of people working in the sector – and we will shortly be adding more case studies. The additional £10m for Personal Learning Accounts announced last year will ensure more trained chefs, waiting and front of house staff to work in the hospitality sector.

Retail

In terms of the retail sector, the Deputy Minister for Social Justice and I will publish a Position Statement in readiness for the new financial year. It will be followed by a Strategic Vision following the Local Government elections. The Strategic Vision will

be refreshed, as the sector evolves and to reflect the outcomes of the Committee's inquiry.

The vision will be the start of a conversation and will set out the short, medium and longer-term challenges for a successful, sustainable and resilient retail sector that delivers fair work and speaks to the employers, and employees alike.

The vision is being led by Government, but developed with and for the retail sector as a whole – its employers and workers. It will be informed by dialogue engagement with the sector and will dovetail with complementary activity, such as those in relation to town centre regeneration and the future of business rates in Wales.

It will further embed social partnership as a way of working and will reflect values such as those set out in the four pillars of the Welsh Government's Economic Contract. It will be a strategy that takes into account the ever-changing dynamics of the sector and the changing face of our high streets.

Programme for Government commitments

There are significant Programme for Government commitments that will be important considerations for tourism, hospitality and retail sub-sectors with joined-up working across government and the Cooperation Agreement with Plaid Cymru. The Programme for Government includes investing in major projects, including the redevelopment of Theatr Clwyd, establishing the Football Museum in Wrexham, the National Contemporary Art Gallery and developing a Museum of North Wales. These projects will play a significant role in the visitor economy over coming years.

Building on the commitment in the Programme for Government we have already confirmed a consultation on proposals for a local visitor levy will launch in autumn 2022. Tourism levies are a norm for popular international tourist destinations. We are aware of many different approaches – in cities, regions and on national basis – and part of our work will be to explore best practice from across the world that would work in a Welsh context. Tourism provides a substantial economic contribution to Wales with tourism-related expenditure reaching more than £5bn annually in 2019. A tourism tax would raise revenue for local authorities enabling them to manage services and infrastructure which makes tourism a success. We will actively engage the tourism sector, local authorities, delivery partners and the people of Wales to help shape policy design and content of the consultation.

We recognise that in some parts of Wales affordable housing is beyond the reach of some because of a combination of rising house prices and a disproportionate number of second homes and short-term holiday lets. We are a welcoming nation and we recognise that tourism is a major part of our economy bringing jobs and income to many parts of Wales, but we also want to support young people to have a realistic prospect of buying or renting affordable homes in the places they have grown up, so they can live, work and support their local communities. We have already set out the government's three-pronged approach which referred to how we can use our regulatory framework to better manage additional second homes and short-term holiday lets.

A short, closed consultation has been completed on the feasibility and potential shape of a statutory licensing or registration scheme for all holiday accommodation, including short-term lets which will inform next steps. We have committed to establishing a voluntary registration scheme in Dwyfor, to draw lessons and to inform the operation of a statutory scheme.

Conclusion

As we approach the two-year point since the start of the pandemic it is an opportunity to reflect on an extremely challenging period for these sectors that they ultimately survived. There are certainly lessons to be learned from the experience, opportunities to harness and exciting proposals for the future. I look forward to working closely with the Committee as it progresses its inquiry.

Agenda Item 6

Document is Restricted

Document is Restricted

Document is Restricted

Agenda Item 7

Document is Restricted