



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

# Cofnod y Trafodion The Record of Proceedings

## [Y Pwyllgor Menter a Busnes](#)

## [The Enterprise and Business Committee](#)

09/03/2016

[Agenda'r Cyfarfod](#)

[Meeting Agenda](#)

[Trawsgrifiadau'r Pwyllgor](#)

[Committee Transcripts](#)

## Cynnwys Contents

- 4 Cyflwyniadau, Ymddiheuriadau a Dirprwyon  
Introductions, Apologies and Substitutions
- 5 Trafod Materion sy'n Effeithio ar yr Economi Wledig  
Discussion of Issues Affecting the Rural Economy
- 22 Craffu ar Waith Llysgenhadon Cyllid yr UE  
Scrutiny of the EU Funding Ambassadors
- 40 Papurau i'w Nodi  
Papers to Note
- 40 Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o  
Weddill y Cyfarfod  
Motion under Standing Order 17.42 to Resolve to Exclude the Public  
from the Remainder of the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn  
ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in  
the committee. In addition, a transcription of the simultaneous interpretation  
is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Mick Antoniw <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Rhun ap Iorwerth <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru The Party of Wales
Mohammad Asghar <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig Welsh Conservatives
Jeff Cuthbert <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Keith Davies <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru The Party of Wales
William Graham <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
William Powell <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Democratiaid Rhyddfrydol Cymru (yn dirprwyo ar ran Eluned Parrott) Welsh Liberal Democrats (substitute for Eluned Parrott)
Joyce Watson <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour

**Eraill yn bresennol**  
**Others in attendance**

Dr Grahame Guilford	Llysgennad Cyllid yr UE EU Funding Ambassador
Dr Hywel Ceri Jones	Llysgennad Cyllid yr UE EU Funding Ambassador

Ross Murray                      Llywydd, Cymdeithas Tir a Busnes Cefn Gwlad  
President, Country Land and Business Association

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Megan Jones                      Y Gwasanaeth Ymchwil  
Research Service

Rachel Jones                      Dirprwy Clerc  
Deputy Clerk

Gareth Price                      Clerc  
Clerk

Ben Stokes                        Y Gwasanaeth Ymchwil  
Research Service

*Dechreuodd y cyfarfod am 09:30.*  
*The meeting began at 09:30.*

**Cyflwyniadau, Ymddiheuriadau a Dirprwyon**  
**Introductions, Apologies and Substitutions**

[1]    **William Graham:** Good morning and welcome to the Enterprise and Business Committee for our final formal session of this Assembly. I've received apologies from Gwenda Thomas, and we welcome William Powell. Welcome to the committee today. The meeting is bilingual. Headphones can be used for simultaneous translation from Welsh to English on channel 1, or for amplification on channel 2. The meeting is broadcast and a transcript of the proceedings will be published later. Just for your guidance, Mr Murray, if I may, there's no need to touch the microphone; it will come on automatically. In the event of a fire alarm, I ask people to follow directions from the ushers. Are there any declarations today from Members?

[2]    **Lord Elis-Thomas:** I am a member of Mr Murray's illustrious organisation—of course, with the extensive property that I have.

[3]    **William Graham:** I make the same declaration.

[4]    **Mr Murray:** Quite right. [*Laughter.*]

- [5] **Lord Elis–Thomas:** My 0.4 hectares. [*Laughter.*]
- [6] **William Graham:** Appropriately noted, presumably.
- [7] **Mr Murray:** We value your 0.4 hectares.
- [8] **Lord Elis–Thomas:** That’s very kind of you.
- [9] **William Graham:** Good. So, that’s a declaration by Dafydd and by me. Thank you very much.

09:31

### **Trafod Materion sy'n Effeithio ar yr Economi Wledig Discussion of Issues Affecting the Rural Economy**

[10] **William Graham:** Our second item is pressures facing the rural economy. We’re very grateful to Ross Murray, the president of the Country Land and Business Association, for giving evidence today. Now, I’m going to start the questions, if I may. Thank you very much for the written papers that you’ve submitted. In order for the committee to understand the broad issues affecting the rural economy, could we ask you just to outline the role of the CLA, and particularly the nature of its relationship with the United Kingdom and our Welsh Government?

[11] **Mr Murray:** Certainly. We’re an apolitical organisation, a membership organisation. In Wales, we have 3,500 members, who, between them, control, manage or own just shy of 1 million acres of rural Wales. There are a huge range of activities going on on that land. We have over 250 different business types, but the predominant land use, clearly, is farming and services related to farming. So, agriculture is front and centre of what we do. But, as you’ll all appreciate, the rural economy is an extraordinary mosaic of activity. We’re an England–and–Wales organisation. We value very highly the fact that we do cover a Welsh membership. I’m the third national president who actually comes from Wales. I’m clearly not a Welshman, but I’ve been very happily living in Wales for 25 years, and am very proud of that fact.

[12] In relation to our engagement with Government, whether at Westminster or here in Cardiff, what I would say is that the CLA really sees itself as a critical friend. We’re there to help Governments enact legislation

that is not going to have unintended consequences, which is going to be beneficial to the rural economy, which is our constituency. We're there to advise you as Assembly Members—and please do feel that Rebecca Williams, who is behind me, who is our CLA Cymru director, is available to all of you at any time to give you advice or views on legislation, statistics or facts to do with the rural economy. We're there to kick the wheels of Government if we think it's heading in a wrong direction, and there to praise it if it's doing the right thing. So, we're there as a critical friend.

[13] **William Graham:** Thank you very much. Looking at your presentation, I note the difference between Wales and England in relation to the proportion of businesses in rural areas—97 per cent are classed as microbusinesses in Wales, against 63 per cent in England. Are there any reasons for the difference that you've identified?

[14] **Mr Murray:** Well, I think, historically, we are small, family-owned farm business throughout Wales, and these are generally employing not very many people. The definition of a microbusiness is 10 or fewer, and I think all of our experience would recognise that that is the majority of businesses. It makes Welsh businesses both quite resilient, because people draw in the purse strings when times are tough, and farming is difficult at the moment. You know, there are some real stresses and strains on farm incomes, mostly related to commodity prices that are impacted on us by events well beyond the shores of Britain. So, you know, these family-owned businesses can draw in the belt, as it were, when times are hard and survive, and yet the capacity to expand is quite limited. And any levers that Government can pull to actually help businesses grow are incredibly important.

[15] **William Graham:** Thank you very much. Keith.

[16] **Keith Davies:** You've actually defined what a rural economy is, but that's for England and Wales, and I just wondered whether there are challenges in trying to define a rural economy in Wales as compared to England?

[17] **Mr Murray:** Well, actually, I think it's a bit easier in Wales. I think the rural economy of Wales is incredibly distinct. Geographically, it's very distinct; something like 80 per cent of the land mass in Wales is farmed, which is a much higher percentage than in England. We have a very distinct culture of farming and very distinctive communities within rural Wales. And, in a way, I think it's easier for the Welsh Government to pay attention to the

farmed and rural economy than it is for the English Government. So, I think there are distinct advantages for legislators here in Wales.

[18] **Keith Davies:** Where do you think we should push our support, then—just into the farming economy or—?

[19] **Mr Murray:** No, far wider. It's no accident that the name of my organisation is the Country Land and Business Association; we changed the name a few years ago to reflect the fact that many of our members were feeling the pressure of reliance on agriculture and were diversifying. I think it's very much in the public interest that we depend less on agricultural support, less on agricultural income and try and expand the rural economy of Wales. I always liken the rural economy to the Cinderella story; I think there is so much potential—it's an incredibly beautiful physical feature, rural Wales—and if we can unlock entrepreneurial activity, if we can give people grants, tax incentives, whatever it is, to allow them to blossom and do things other than agriculture—. I think what this paper demonstrates is that the rural economy is an incredibly significant part of the whole Welsh economy.

[20] **William Graham:** Jeff.

[21] **Jeff Cuthbert:** Yes, thank you. I believe—it must have been maybe two years ago—that I met your organisation at the Royal Welsh Show when I was the Minister for Communities and Tackling Poverty, and I think it was impressed upon me that the tackling poverty agenda is as relevant to yourselves and your members as it is to anybody else within Wales. Am I speaking correctly now in that case, and if I am, what is your relationship with the Welsh Government and other key providers in terms of what one might call 'tackling poverty in the rural economy'?

[22] **Mr Murray:** As far as farm businesses are concerned, the average income is not high and it's vulnerable at the moment, for the reasons I explained earlier about commodity prices. And if there was no farm support through the common agricultural policy, we would be looking at some even greater hardship in our rural communities. So, the principle of tackling poverty that the Welsh Government has espoused I fully concur with. I think that the very proud nature of our Welsh farming community is such that it often masks some real hardship, and it's very important that public policy does recognise that farming needs support, and there are different ways in which it can be articulated and given, but it is not a high-profit activity, and going back to the microbusiness statistic, it is employing relatively few

people, and so the prospects for these small microbusinesses of actually spreading wealth out into our communities is relatively limited without diversification.

[23] **Jeff Cuthbert:** If I may very briefly—in many parts of Wales there is a sort of formal recognition of areas of poverty through the Communities First programme, for example. Do you make representations to the Welsh Government in terms of your members' inclusion within the tackling poverty agenda?

[24] **Mr Murray:** I believe we do, but I'm not personally familiar with that.

[25] **Jeff Cuthbert:** Perhaps you could send us a note.

[26] **Mr Murray:** Yes, for sure.

[27] **William Graham:** We'd be most grateful, thank you. Mick.

[28] **Mick Antoniw:** Just following on with that theme, how do you see the actual role now of the agriculture advisory panel in respect of creating, I suppose, training and skills and creating a future for agricultural workers within the industry?

[29] **Mr Murray:** Absolutely central. Agriculture has got to move on in the world and has got to use all of the technological levers at its disposal. It's got to have a very well-educated workforce. They've got to be very understanding of all of the different threats to agriculture. There are a lot of disease and pestilence threats to agriculture and the next generation of farmers coming through have got to be very smart kids. So, I think that the agricultural panel plays a very important role in training. Agriculture training is strong in Wales and long may it remain so.

[30] **Rhun ap Iorwerth:** You mentioned the need to support entrepreneurialism and so on in rural Wales. We can talk about connectivity and broadband and mobile telephone connectivity, but can you give us your assessment of how connected or disconnected rural Wales is from your experience and your assessment of some of the steps that have been taken, including Government initiatives, to try to address the issue?

[31] **Mr Murray:** That's a very good question. It's an incredibly important area and without good connectivity, frankly, the opportunity for rural Wales



really expanding and diversifying is limited. We have one arm behind our backs at the moment, in my judgment. There'll be counties like Ceredigion that are well behind in the roll-out of broadband. I think that the statistic is something like 49 per cent. It's just not acceptable.

[32] On my personal experience, I live just outside Abergavenny. We're in a sort of peri-urban situation and you would have thought that our broadband access was good; in fact, it's been lousy. I built a rural business centre a few years ago and many of my tenants left because they just couldn't get decent broadband and so we had to invest a significant sum of our own money to bring in a Wi-Fi link—a microwave link and then Wi-Fi distribution within our business centre. So, there is an example in a relatively close-to-urban rural area in Monmouthshire where it's poor.

[33] My assessment of what measure has been taken to actually improve connectivity for both broadband and mobile—and we mustn't forget mobile because I think that mobile is often as important as broadband connectivity for rural businesses—is that we have really got some way to go.

[34] **Rhun ap Iorwerth:** What do you think is going wrong, because there's always, at the moment—I'll call it an excuse—that we haven't yet reached the end of the Superfast Cymru programme, therefore, you know, 'Wait until it's ran its course before you can identify how successful it's been'? But it is frustrating, nearing the end of the programme, that connectivity hasn't improved more than it has. What do you think may have gone wrong in terms of just how quickly the change or the improvement has been felt on the ground in the real world in rural Wales?

[35] **Mr Murray:** I'm not sure that we're really exploring all the technologies available. I think that reliance on satellite for some of the remoter rural areas is probably inadvisable. I think that experience shows that people generally don't like satellite—it just doesn't achieve what other things can do. I accept that laying out a fibre-optic network right the way to the remotest corners of rural Wales is going to be very difficult, but there are other technologies. I'm involved in one of the pilot projects in Monmouthshire, which is going to put up a mast shortly and is going to use Wi-Fi, which, I think, is sensible.

[36] So, use all of the technologies, and I think the ambition is probably a bit low—2 Mbps just strikes me as being incredibly low. I've got children in their twenties and they would really struggle to do what they expect to do. The new generation coming through expects high connectivity and all the

applications that they would rely on are just not achieved by 2 Mbps. So, I think that in a very quick order of time, we've got to raise the game and set the ambition much higher than 2 Mbps.

09:45

[37] **Rhun ap Iorwerth:** I think 20 is the target in Superfast Cymru. There is a difficulty in that elements of connectivity are devolved or the Welsh Government is able to influence, and other parts are UK Government. Who do you think should be taking the lead in ensuring that rural Wales—and I think I'm probably thinking more fourth generation mobile here—who should be taking the lead in pushing the agenda and making sure that rural Wales doesn't get left behind?

[38] **Mr Murray:** I think it has to be the Welsh Government. I don't think you can rely on the UK Government to really push that. We've got to deal with our own circumstances in Wales, and it has to be done here.

[39] **Rhun ap Iorwerth:** What about concerns that landowners are among the problems in securing access to—?

[40] **Mr Murray:** To mast sites?

[41] **Rhun ap Iorwerth:** To masts and so on.

[42] **Mr Murray:** No, I don't accept that at all. My own example I just cited—I was approached by one of the pilot projects to come and put a mast on. There was no negotiation on the rent. We accepted the rent that was proposed. It was what I would consider a sub-market rent, but the wider social significance of this project is greater, and so, in my own case, we accepted what was on offer, and that project will go ahead as of April. I really do not believe that landowners are a block to the roll-out of broadband through ransom rents. I just don't accept that. It's often cited by the technology companies. It's an incredibly small part of the investment that they're making, and, often, they're not actually making the investment in masts in rural parts of Wales, even if they were offered a site for free.

[43] **Rhun ap Iorwerth:** Would you agree with what some of the digital technology connection companies are arguing, that there needs to be more clarity in planning law, so that everybody knows where they stand in relation to what should be expected of land access and so on?

[44] **Mr Murray:** We're talking about mobile masts, are we?

[45] **Rhun ap Iorwerth:** Yes.

[46] **Mr Murray:** Well, in respect of the national parks of Wales, I think there is a sensitivity there in that the mobile phone operators have shied away from pushing for masts, because there is a higher bar to pass, and I think, in a way, that's unfortunate, because there are many communities within the national parks—it's a huge part of our landmass—that are actually disadvantaged. So, I think the national parks have to be slightly more relaxed than they would otherwise be, because of the national need for the roll-out.

[47] **Rhun ap Iorwerth:** Okay, thank you.

[48] **William Graham:** Keith.

[49] **Keith Davies:** I'd just add another thing, I think. You talked about the 20-year-olds getting access and stuff, but then, across the world, I suppose, and certainly in the UK, a high percentage of people now work from home, and it seems to me that if you don't have this connectivity in the rural areas, we won't get people wanting to live in rural areas, because they know they can't run their personal business from home. So, does the Country Land and Business Association work with other bodies to try to get this connectivity there, because it's so important?

[50] **Mr Murray:** I couldn't agree with you more. Most of my members are running businesses from their kitchen tables and they need it. I made the point about the next generation's expectations because one of the issues we have in agriculture is whether the next generation are they going to want to come and do it. They have their own concepts of standards of living, and one of them is access to the internet. But, actually, businesses across the board all need access to it. And, yes, we do work with other organisations very closely. We've been leading the charge on the issue of broadband for many years, simply because we recognise that it's an economic matter.

[51] **William Graham:** Mick Antoniw.

[52] **Mick Antoniw:** Planning is obviously a very significant feature in the development of businesses and the Welsh economy as well. Are there any particular concerns you have about how planning is operating and whether it

is sufficiently geared to the needs and interests of the rural economy?

[53] **Mr Murray:** It's quite interesting to compare the process of planning legislation between England and Wales, and because we cover both countries, we are well placed to do that. At the moment, in England, the national planning policy framework has made great strides towards a more responsive rural planning policy, and you'll be familiar with permitted development rights on the conversion of agricultural buildings within England, which is now allowable, whereas in Wales, one has to go through the whole detailed planning application process, which is costly, risky and uncertain. So, I think Wales has got slightly behind now, in some of the emerging themes within planning, and actually in the next term of government, I would hope that we could turn our attention to that, and CLA will be there to help it do so.

[54] **Mick Antoniw:** So, in terms of looking at or reviewing planning policy in things like technical advice note 6 and so on, and policy generally, if there were two or three key things that you thought would need to be looked at, what specifically would they be?

[55] **Mr Murray:** Well, if I give you four things—.

[56] **Mick Antoniw:** Yes, that's fine.

[57] **Mr Murray:** First of all, I think permitted development rights on agricultural buildings would be a good policy. Rural exception sites on the edge of hamlets and small rural communities, and look very closely at the thresholds for affordable housing to make sure that the market is not spoiled and that they will actually come forward because it's better to have some houses than no houses. I think the local development plan process needs to be given a good kick up the arse and speeded up. It's such a tortuous process. We're a plan-led system, so those plans have got to be put in place in relatively quick order.

[58] **Mick Antoniw:** Thank you very much.

[59] **William Graham:** William.

[60] **William Powell:** Thank you, Chair. Whilst your most recent comments remind me that, for a period of a year or so, we both served at the same time, at the end of your chairmanship, on a key committee that was piloting the planning document within the Brecon Beacons National Park, what I

wanted to raise with you is what your perspective is on the future of the planning function within our national parks. You'll be aware, as I am, and I know the organisation has raised some concerns about how responsive the national parks in Wales and their exercise of the planning function has been to the needs of the development of a vibrant rural economy. Are there some adjustments that you would like to see in that area?

[61] **Mr Murray:** That's a very good question, William. I think, at the moment, we're participating in Dafydd Elis-Thomas's commission, and Rebecca Williams is very grateful to have been given a seat on that and we're contributing. We have expressed concerns in the past over the planning function. I think the most important thing for national parks to understand is that it's going to be the rural economy, the farmed economy, the diversified economy, that actually is going to be the driver for protecting those landscapes. They're not there by accident, they are man-made landscapes, and you need profitable, vibrant businesses within them as much as you do in any other area. If you have a higher level of protection within national parks, all the more reason that you need businesses to be vibrant. So, there's work to be done. We're looking forward to the results of the commission and we will respond to that accordingly.

[62] **William Powell:** One further question, if I may, Chair, and that is with regard to TAN 6 and how effectively that has operated in practice. I think, in some parts of rural Wales, there is a feeling that it hasn't as yet lived up to the fanfare of its launch. Are there any particular areas that you feel should be reviewed there? Where do you think the main problem lies in terms of the relative lack of delivery to date?

[63] **Mr Murray:** TAN 6 itself is a brilliant document, and I would say that because I was part of the working group that drew it up. I was very lucky to be representing the CLA on that. So, I think the aims of TAN 6 are really excellent, and I think there are some very important social considerations behind it, and one is retirement and progression within farming families. Absolutely critical. You can't just have a generation of farmers getting older and older, imprisoned on their farms because they can't find somewhere else to live. The disappointment has been the response of planning authorities around Wales to actually accept the spirit of TAN 6 and to allow more on-farm dwellings to be built. It probably needs a statistical review. It's apocryphal at the moment; one just hears hearsay about how disappointing the take-up of TAN 6 consented dwellings has been. I think it's worthy of a review by a committee at some point in the future.

[64] **William Powell:** I'm grateful. Thank you, Chair.

[65] **William Graham:** Thank you very much. Oscar.

[66] **Mohammad Asghar:** Thank you very much, Chair, and thank you, Mr Murray. You look like a very well informed and competent person there. My question is just regarding housing—a housing crisis, virtually—in rural areas. It is a very vital part. Somebody mentioned earlier that, without housing, some people are actually trading from their kitchen tables, and you said that there is not much housing there. So, how can people improve housing in rural areas? What is the Welsh Government doing—this RHE, or rural housing enabler—in dealing with current housing shortages in rural areas?

[67] **Mr Murray:** The rural housing enablers play an important role, and they're there to try and cajole local planning authorities, housing authorities and the private sector about bringing sites forward. But we've had a real problem since 2008 with the financial crisis. There's been a lack of confidence for people to speculate. A lot of small builders have gone to the wall. The building industry has been very difficult to access to rural Wales, particularly for small sites, and because of economies of scale they've largely concentrated on the A5 corridor and the M4 corridor. So, we've sort of slipped behind in housing provision over seven or eight years. I think the rural housing enablers have really struggled to persuade everybody else to push on. I think what we can only hope is that as the economy starts to improve, some confidence will return and people will start building relatively small numbers of units in many places. The planning system has a very important role in that.

[68] **Mohammad Asghar:** Thanks for that. What about the innovative solutions that you mentioned—some solutions to improve affordable housing in the rural economy?

[69] **Mr Murray:** I think the most important thing is that there is an economic incentive for a landowner to bring forward a site and see that it's built. I very much subscribe to the idea of cross-subsidy. So, if you had a small site on the edge of a village that the community and the planning authority would allow for, say, five houses, you could cross-subsidise two or three affordable units with, say, two market houses. The farmer could sell those or keep them for his family and then the other three would come forward. If you just allocate land for affordable housing, there is no incentive

for the farmer to actually release that land, and, actually, everybody loses out. So, I think cross-subsidy is probably the most important initiative that I would recommend.

[70] **Mohammad Asghar:** Thank you. Finally, just because I come from the other end of the world, where, normally, landlords in rural areas are very, very rich people, and some other countries are run by them, one of the areas that I think our economy should be doing is an agriculture development bank, which should be considered to develop our economy for housing and other areas in the rural economy in Wales.

[71] **Mr Murray:** We do have a co-operative movement. I believe there's one based in Brecon, which William Powell will be familiar with, that I know the national park was supportive of. There is a specialist financial institution called the Agricultural Mortgage Corporation, which fully understands the farming community and gives preferential lending to farmers and landowners because of its understanding of it.

[72] **Mohammad Asghar:** Thank you.

[73] **William Graham:** Jeff.

[74] **Jeff Cuthbert:** Thank you. In part, you've dealt with this, about the Welsh Government's economic development policy, but this is an opportunity to go a little bit further. In your paper, you say, and I'm quoting, that you

[75] 'will be calling on the Welsh Government to adopt a coherent vision for the rural economy, bringing together piecemeal funding streams, [and] ending the practice of developing policy in silos'.

[76] So, would you like to expand on what you mean there and the sort of ideas you have?

[77] **Mr Murray:** Certainly. I think the size of the rural economy in Wales is so significant that, really, it deserves its own department and its own ministerial oversight. I have in front of me the list of the different titles and the different names of people, since 1999, who have been in charge of the rural economy. We started in 1999 with Christine Gwyther as the Secretary for Agriculture and Rural Economy and we end in 2016 with Rebecca Evans as the Deputy Minister for Farming and Food. I think there's been chopping and changing in political emphasis within the Welsh Government over that period

of time. I think that's unfortunate, because I think the rural economy, of which farming is a part—a significant part, but not the only part—is hugely significant to Wales, and I think it deserves its own ministerial oversight, leadership and visibility.

10:00

[78] **Jeff Cuthbert:** Ministers and Deputy Ministers do change, often as a result of the whims of the electorate and other factors, so you're not so much referring, I assume, to the Minister, but to a department.

[79] **Mr Murray:** I'm talking about the title—the structure of the department and the title. I'm not talking about personalities at all. I think that the fact that we have a farming and food Deputy Minister, whereas back in 2003 we had the Minister for agriculture and rural development with a seat at the Cabinet, I think, is a significant change in emphasis.

[80] **Jeff Cuthbert:** Okay. Right, that's an organisational matter—a very important organisational matter.

[81] **Mr Murray:** It is. But so much flows from that, doesn't it?

[82] **Jeff Cuthbert:** Right; but you feel that that would be fundamental to bringing together the different aspects, which you call the 'piecemeal funding streams', and that that would be a fundamental move in the right direction as far as you're concerned.

[83] **Mr Murray:** I do. Yes.

[84] **Jeff Cuthbert:** Okay. The rural development programme and, again, the issue of rural businesses and not just farming, as you've said: there's a newish one that's out there now. Incidentally, I know that there's a tackling poverty agenda part to it. Do you have any comments on the effectiveness of the current rural development programme or plan, and what changes you might like to see in the future?

[85] **Mr Murray:** Well, I think it's sort of early days in the programme. I think the important thing is that the mechanisms of cascading the money out to applicants are efficient. We'll have to review it at various stages in the process. My only comment at the moment is that we're only part into the programme, and the money just needs to get out there.



[86] **William Graham:** Joyce.

[87] **Joyce Watson:** I want to bring another aspect in. When we're talking about futureproofing and rapid change, we have to be talking about flooding and land use, in my opinion. So, my question to you is: have you looked at the land use and the way that either it plays a part in creating flooding and how it can play a part in preventing flooding and doing any analysis therein? I didn't see anything in your paper.

[88] **Mr Murray:** We're doing a lot of work on this even though it isn't within this paper. I'm more interested in the second aspect, which is mitigation.

[89] **Joyce Watson:** Well, you've got to do both.

[90] **Mr Murray:** I do believe most sincerely that the creation of the flooding actually comes from the heavens. I think the fact that Snowdonia had 1,000 mm of rain within the month of December alone really sort of tells the story. I think land managers, landowners and farmers are an absolutely vital part of the solution to slow down the flow of water from the uplands, all the way through. The management of watercourses and changes in farm practice in the future can only be achieved by co-operation between the Welsh Government, which determines land-use policy and the whole support system for agriculture, land use and the actual farms themselves. I think that there need to be some clear incentives to engage with particularly the upland farming community to try and make changes.

[91] There have been some very good examples of where this has happened in Wales. You may be familiar with the Pontbren project—if not, I could certainly get the committee some details of that afterwards—where a consortium of farmers grouped together, they were very well-advised by Coed Cymru, and they did planting on their farms. They found that they actually saved money in their farming businesses and slowed the flow. The CLA was instrumental in giving them a European recognition for their work.

[92] So, I think that the land community in Wales is absolutely essential in the long term to helping with the whole problem of flood mitigation, which ultimately affects our urban communities at the mouths of our rivers.

[93] **Joyce Watson:** If I can, Chair, because I think this is going to be one of

the most significant challenges, moving forward, that we face. So, I would like to explore it a little bit further.

[94] **Mr Murray:** Sure.

[95] **Joyce Watson:** There are two sides, and I absolutely agree that mitigation will only happen on land by the landowners, but also you have to look at the other side of creating possible consequences of using land in a particular way that strips the land bare in the winter, for example, and the water runs off thereafter, which it's bound to do. So, what I really want to ask you, as an organisation of landowners, is whether it is your intention to widen your thinking on the use of land to prevent flooding, and to take, if you're not already, a wider part in that debate.

[96] **Mr Murray:** We're very engaged in the debate, and, if it would help, I could provide the committee with the evidence that we're providing to the Environment, Food and Rural Affairs Select Committee at Westminster, and I'm appearing before them in April, in answer to the question you've asked. That'll give you some of the thinking that we're coming up with about how to involve landowners and farmers in upland management to mitigate flood.

[97] **Joyce Watson:** Thank you.

[98] **William Graham:** Thank you very much. I want to leave sufficient time now for us to turn to a slightly different matter, but we're grateful for the CLA's advice already. Constitutional change, Dafydd.

[99] **Lord Elis-Thomas:** Thank you very much, and can I thank you for the kind things you've said about what we're trying to do in terms of the future landscapes? We very much value your participation and Rebecca's, in particular. I will try and confine myself to constitutional issues, but I have to say that the two papers you've given us apart from the evidence, specifically, the supporting rural business paper—and this latest one on 'Leave or Remain', I think, is a brilliant summary of the issues. It's great to see somebody really trying to understand the issues, and I want to ask about that, because you do indicate very clearly the importance of understanding the impact of the funding for rural communities and agriculture and land use, in particular, that comes out of the common agricultural policy. You make it quite clear that Ministers must confirm that payments to farmers and landowners will continue until the end of current budget period—that is, 2020. Are you at all optimistic that you could achieve this either with a

commitment from the Welsh Government or from the UK Government?

[100] **Mr Murray:** This is very timely. We're actually launching our EU referendum position paper this evening in the City of London, so, actually, it's been trailed here today, in the Welsh Government, which I think is marvellous, and Rebecca Williams has hard copies of the paper for you all.

[101] **Lord Elis-Thomas:** It's another first for this committee.

[102] **Mr Murray:** It's another first for this committee. So, well done, Chairman, you've done very well there.

[103] I think there are significant risks ahead and the uncertainties are the ones that the UK Government has got to take the lead on, but the Welsh Government will be very concerned about this and will have its own views and have to make its own representations and we would encourage them to do so. What we're saying, in short, to the UK Government, is that, if the British public does decide to Brexit on 23 June, we want to know what plan B is on 24 June. You can't wait months or years in advance. The support that comes through the common agricultural policy is so important to our community and our businesses and, without some sort of certainty, how is one to invest in the future? How is one to deal with succession issues? How is one to frame legislation, whether it's in the Welsh Government or at Westminster?

[104] So, I think there is a really important task for organisations like the CLA to press Government to say, 'Please confirm to us that you are doing a plan B at the moment'. We don't expect to be told what the plan B is, but what we need to know is that someone is sitting in a backroom thinking about what the consequences of Brexit are, so that, on 24 June, we're all ready to go and we're going to get some answers. So, it's a very difficult and uncertain time and I think it's particularly difficult for Wales, because, of course, the negotiation on all European matters is done by the UK Government and you'll be as concerned as I am that Wales gets some answers and knows what the certainty is, going forward.

[105] We have two clear periods. We'll have the run off—this is in the event of Brexit—of the current programmes, and will they run to 2020, or will there be a two-year period and then we're off the cliff? Well, we don't know, at the moment. And then what happens beyond the full independence date? Is it 2020 or is it earlier? And what is a UK agriculture policy going to be, going

forward? We need some answers to those questions.

[106] **Lord Elis-Thomas:** As you can imagine, I remember the period before the sheep meat regime and before the development and renegotiations of the CAP. Indeed, when I chaired a committee in this Assembly, we were actually participating very much in the discussions, as an environment committee, on the CAP changes and trying to assess the implications. Now, it seems to me that there is no-one, either at UK Government or Welsh Government, apart from yourselves, perhaps, with your document this evening, really looking at the alternative to the CAP, because the cost to the UK Exchequer and the costs to Welsh Government of directly supporting agriculture, as well as supporting the market mechanism for agricultural produce, and there's no certainty that our precious premium Welsh lamb will get 90 per cent of its sales overseas in the new situation—. Isn't that something that causes you to shudder?

[107] **Mr Murray:** Yes, it does. It causes me concern. It's not true to say that no-one is articulating a vision for a plan B. George Eustice, who is the Minister of farming—

[108] **Lord Elis-Thomas:** Yes, I have read what he said.

[109] **Mr Murray:**—did articulate in very general terms at a farming conference in Birmingham two weeks ago, and I was able to actually sort of press him, and say, 'Come on, Minister, tell us what you think'. But, actually, we need far more detail, and I think the Welsh Government should be thinking about a plan B as well, because it's going to come on us very quickly.

[110] **Lord Elis-Thomas:** Would it be helpful if this committee were to recommend in a letter that it may write after this session that this should happen?

[111] **Mr Murray:** Well, I think that's really for the committee.

[112] **Lord Elis-Thomas:** They call that a leading question. [*Laughter.*]

[113] The other paper I want to refer to briefly is the supporting rural business paper and the positive things you've got to say about the Cornwall devolution deal and also about the framework of Welsh legislation. I was particularly pleased to see that you emphasised that you've been

championing the Well-being of Future Generations (Wales) Act 2015 as a legislative form. I would like to hear more of your views of that. Do you see that the existing Welsh legislation we've had—? You've quite rightly criticised the lack of Cabinet responsibility—well, not responsibility, but Cabinet representation—for agriculture and rural policy matters, but would you say that the kind of devolution legislation that's been produced has been positive for your members?

[114] **Mr Murray:** It's been slightly overwhelming, if I'm to be frank. There's been an awful lot of it. It's required a lot of analysis and a lot of explanation, and there have been many questions going backwards and forwards between the Welsh civil service and my team here in Wales. But, you know, for the most part, that is what devolution is all about. The train set is now Wales's and, you know, devolution means that we have our own legislation. For the most part, I think it's been extremely positive, and, as I say in the paper, we very much have an open mind to further devolution.

[115] I think one of the central tenets of the wellbeing of future generations Act was the inclusion of the word 'sustainability', which will apply to all subsequent legislation that comes out of it. I think that's the most important thing—

[116] **Lord Elis-Thomas:** I think it's fair to say that the person who secured that is sitting opposite me in this committee.

[117] **Mr Murray:** Good.

[118] **Lord Elis-Thomas:** He's not listening now, but it was him.

[119] But, finally, are there any particular powers for Welsh Ministers or for the Assembly that you would look for in the development of devolution? Do you have a particular view on tax-varying powers, or—? Certainly, you mentioned planning powers. The Planning (Wales) Act exists, but, of course, the other bits of the jigsaw haven't yet been put together, although, in the future generations Act, there is the framework for public services boards, and whether those can function as a forum in which all these issues will be brought together under the objectives of the future generations Act—do you think that's possible?

[120] **Mr Murray:** Yes, I think it is. I think that the headline message I'd give to you is 'evolution, not revolution', particularly with further tax powers. I'd

just urge caution that you very carefully think about any possible unintended consequences, because you don't want businesses in Wales to suddenly think that they're at a disadvantage. You do need to give some hope. I think that's the really important thing. If you're going to make Wales a low-tax country, then, of course, people would be extremely pleased, but we shall see.

10:15

[121] **Lord Elis-Thomas:** Thank you.

[122] **William Graham:** Thank you very much. Any other questions from Members? No. Thank you very much, Ross, for your attendance today and for the way in which you answered our questions, and for the evidence you've provided. I've known you for many years, and I know how much you are committed to agriculture in Wales and to the rural economy generally. Thank you very much for your attendance today.

[123] **Mr Murray:** Chairman, thank you very much indeed. Thank you, all.

[124] **William Graham:** The committee will retire now until 10.40 a.m.

*Gohiriwyd y cyfarfod rhwng 10:15 a 10:39.  
The meeting adjourned between 10:15 and 10:39.*

### **Craffu ar Waith Llysgenhadon Cyllid yr UE Scrutiny of the EU Funding Ambassadors**

[125] **William Graham:** May I welcome our witnesses this morning? May I ask you to give your names and titles for the record, please?

[126] **Dr Jones:** Hywel Ceri Jones.

[127] **Dr Guilford:** Grahame Guilford.

[128] **William Graham:** Thank you very much. We're trying to look at, perhaps, the impact and hopefully the success of your work, so could you give us an idea of, in your view, the impact that your appointment has made on Welsh engagement with EU funding? The microphone should come on automatically.

[129] **Dr Jones:** Good morning, anyway. Bore da ichi i gyd. Well, it's very

hard for us to judge. As you know, and as we said last time, it hasn't been a scientific research exercise. It's been very much a mobilisation exercise. We have had quite rich, detailed reactions to our interim report from all the partners, both oral and in writing, and they've all been encouraging, and they've been building on the ideas that we expressed in the interim report, calling for stronger co-operation, stronger mobilisation, and willingness to work with Welsh Government. We've had further meetings with them since we published the interim report in December. So, I'd encourage—well, what we hope very much is that these detailed reports, which will not be annexed to our report—we've got a summary with the final report—will be presented rapidly now to the new European policy group set up by Welsh Government so that they can already begin to digest and take on board the ideas from the different partners. We see that as very important.

[130] Within Welsh Government, and I think Grahame would agree with me—and Gaynor sadly can't be with us this morning, so she sends her apologies; she's heavily committed with some community responsibilities in her area—we have found a lot of support and interest within Welsh Government. Other people tell us that we've had some impact, some good impact, in terms of positive attitudes, and certainly I think there is evidence now of a concern to create a better inter-departmental capacity to handle the interplay between Welsh and EU strategy and policies. The key point we've been saying all along, which I think is important, is stop talking about EU funding; talk about the relationship to policy. Policies must drive, and the interplay, the fit of EU and Welsh policies, which is a very easy fit in the case of Wales—not so easy in other places—but here it's very easy, because there is a close fit. It appears to be good sense to everybody. Perhaps, Grahame, you'd like to give the health example, for instance.

[131] **Dr Guilford:** Yes, I think the impact of our work, from our point of view, will only come in the future if there is a more effective and more strategic engagement with the European Union, and that's obviously a matter for the new government, if they choose to accept the recommendations and then to implement them. But I think Hywel is absolutely right that we have seen a very broad consensus across all the sectors we've consulted with that this is on the right lines, if we organise ourselves this way. As Hywel mentioned, we've seen some excellent examples of good practice, one of them being in the health department, where they have effectively, just in one department, adopted the key recommendations that we—well, they were already doing it. They've seen in a relatively short period of time a much more effective engagement with the people they've identified as priorities in

Europe, the networks they've identified as priorities, and the areas they've identified as priorities. They can already see a way through to building the partnerships and consortiums that they will need. So, I think there is some evidence there that the approaches are sensible, but clearly it's a matter for a future government if they choose to pick them up.

[132] **William Graham:** I think, as you know, your role, shall we say, arose from recommendations of this committee, so we look to your efforts with some interest, put it that way. Just looking into the future, without wishing to comment on individuals, do you think the roles that you've been able to develop really have importance and should continue?

[133] **Dr Jones:** Well, we've discussed that carefully and rather modestly, if I can put it that way.

[134] **William Graham:** I'm sure.

10:45

[135] **Dr Jones:** No, we don't think that the role of the three of us, with the remit we've been given, is appropriate to continue. We consider that, in the future, if the incoming Welsh Government is wise enough to adopt the set of recommendations about the management process—to get the act together more effectively within Welsh Government and with the partners—if that is implemented, then in that context, given that we still have the period 2016 to 2020–21 ahead of us, with quite a lot of things coming on–stream—higher on–stream—with bigger resources in the next two–year period—. We've made a suggestion at the end of the report that consideration of a review capacity by Welsh Government could be set in the context of consideration of its audit responsibilities. But we wouldn't see, I think, a role for—well, not necessarily three, and certainly not us. The remit, anyway, is history now, I think, in the way it's formulated. Would you agree, Grahame?

[136] **Dr Guilford:** Yes. I think we felt a key element of our role was the independence, but our remit was really around looking at the current situation and making some recommendations for enhancements, which we've done. A key part of those recommendations are, as we discussed last time we were here, around prioritisation. So, we feel that if an incoming Government is minded to identify the small number of priority areas that they want to focus on and put the mechanisms that we've suggested in place, then there would be a role for some sort of independent review



mechanism that sat alongside that. But it would be sensible for that to be related to the key areas in terms of individuals, perhaps, who would be involved.

[137] **Rhun ap Iorwerth:** Just in addition to that, I think your independence has been appreciated and you've been seen as—the title 'ambassadors' sums up very well what you've been doing in seeing potential in leading change in championing European opportunities. Who would take that role in the new set-up, if you like—being able to take a step back and pushing the agenda forward, if you like, rather than the new cross-departmental bodies and whatever you would have in place?

[138] **Dr Guilford:** I think we feel that there would be role for individuals, as Hywel was saying—not necessarily us as individuals. We were selected because we were representative of the three key sectors in a broad sense—my own involvement with life sciences and healthcare as well.

[139] Just to take an example, we've identified the whole area of smart cities as something that is particularly important to the European Commission at the moment—an area where Wales clearly already has strengths on which we could build. So, you could look to build an engagement around that and then you might look for individuals, in that review capacity, who had a background and experience in that area to comment particularly on how that aspect was going. But we do feel that we need to get beyond perhaps the very generic expression of priorities that we've had in the past and get down to: 'Here is where Wales has a strength and here is where Europe has as big interest.' We put those together and something meaningful can come out of it. But you'd want to set your stakeholders and your partners, who would be involved, to be related to that, but also the people who would review it.

[140] **Rhun ap Iorwerth:** Maybe we'll come back to all of that, but Hywel—.

[141] **Dr Jones:** Yes. I think, just as a complementary point, Grahame mentioned the example of the health department, which has really got its act together. Why has it got its act together? Because they've dedicated a staff person to drive it. Without the name 'champion', he is the champion. We were there in Brussels last week for three days at the same time as the health team—a remarkable success; you could feel the vibes and the atmosphere. They knew the networks and they knew the people to talk to; they were respected and they were on the ball. What we would like to see, in the selected priority areas that fall out of the European prioritisation process that

we are now recommending, is the relevant departments following that model. So, you could have virtually designated champions in the lead, and people outside would know. This is the point, often, that has been made to us—that people outside don't know really who is the lead person they can trust and work with and talk to and collaborate with. So, I think this transparency will be very important within the whole process.

[142] **William Graham:** Okay. Mick.

[143] **Mick Antoniw:** Thank you very much for the report. There are a lot of really quite exciting ideas within that, I think, that followed on from a lot of the discussions that we had within this committee. If I suggest that, perhaps, one of the themes of the report is that there is an awful lot of good, well-motivated work going on, but it's how it's actually integrated and pulled together to get the benefit, I suppose, of the synergies. And, of course, one of the key recommendations—for me, I think it's a very, very important recommendation—is the inter-departmental committee. Firstly, what sort of response have you had to that suggestion? How do you see it perhaps working, and what do you think are the real benefits from it?

[144] **Dr Jones:** Grahame will perhaps speak more about the whole process, but we've welcomed the fact that virtually immediately after the publication of our report, this high-level European policy group has been created. This is a very important first step, and we set out in the final report—which we hope will be available, or issued, on Thursday next week, because, on the seventeenth, we have two very big events that we are associated with: the review of the Horizon, and a very big event on combating poverty and social exclusion in Wales, which will be very much European in their flavour, because of all the relationship of the different policy funding to them. But what will be important, I think, is for this high-level group—well, we're advocating that it should be chaired by the Minister designated with responsibility for European policy funding, so there is a visible expression to the outside world of the leadership on behalf of the Government as a whole. And that would give added authority, I think, within the house to pull together the necessary synergies—not necessarily knocking heads together; I'm used to that in my days in the European Commission—but also, I think, just encouraging and teasing out the synergies. Because, if you look at the big priorities that are likely to emerge from the prioritisation framework, they are by definition inter-disciplinary, inter-departmental. So, it's a necessity; it isn't a luxury. It's got to be taken seriously, and that has to be reflected as well in the work of the partners. So, it's a big challenge to get an all-Wales

team approach in a serious, deep way and take all the opportunities in the period up to 2020.

[145] **Dr Guilford:** We were very pleased, actually, by the response we had from the inter-departmental group. As much as anything, the people who were brought into that group were quite pleased themselves to have the opportunity to engage across departments, which, in some cases, they hadn't had before—so, to share their own experiences and so on. So, we've had a number of meetings at that group, and we're recommending, obviously, in the report, that it should continue, but, also, be broadened out to engage, then, the stakeholders outside of Government—so, the private sector, the voluntary sector, the WLGA. We would look to bring representatives of those groups in to that interdepartmental group in the future.

[146] **Dr Jones:** And the universities, and higher education and further education sectors, which are vital. Incidentally, they have—. It really is worth reading the reactions from these different bodies, because they are rich and important to digest.

[147] **Mick Antoniw:** Well, maybe I'll go on to that; I've got another question on that. But, just specifically on that, because, obviously, you've got higher education—absolutely very important in terms of the relationships, the partnerships being formed across Europe and, in fact, more broadly as a consequence. You've got the issues with regard to local government and all sorts of spin-off areas. One of the areas that's always concerned me a little bit is that there seems to have always been a slightly muted Welsh business voice in Brussels. Now, in terms of the development of the strategy and the inter-departmental committee and so on, how do you envisage greater, I suppose, engagement with the higher education sector and, indeed, with local government and I suppose also with business?

[148] **Dr Jones:** If the Government follows up our recommendation, they will continue to support the European policy group at the highest level. We are recommending that twice a year that policy group, which is an internal policy group—chaired by the Minister, we hope—would meet with the different partners for a more strategic discussion about how to reinforce their partnerships at all levels. That will include the seamless connection between here and Wales House in Brussels, because those organisations—not so much the private sector, unfortunately, but the others—are in Wales House. They are Wales House. And they are calling for more teamwork, willing to do it—and we were very impressed last week, there was a very good, lively,

proactive, positive atmosphere there—so, that was encouraging. So, that would be the first level. The second level is the continuation of what we've helped generate in this last year: the European network group, which is of officials from all the different Government departments with a European dimension to their portfolio. We're recommending that that should be enlarged to permit the partners also to come to share in that more detailed specific information exchange process. I think, in these two ways, it will open some of the doors perhaps that may not have been fully there in the past.

[149] **Dr Guilford:** The other key thing, I think, is that there's clearly a willingness to engage—we saw that in all of the sectors—but what we're recommending is that we need to provide better mechanisms for them to engage around. In the past, we've tended to look at the individual funding schemes and say, 'What can we do in territorial co-operation, what can we do in Horizon 2020, what can we do in structural funds?' If we turn that around and say, going back to smart cities, which I've used as an example a lot in Brussels—if we say that, 'Wales has strengths in this area, it's something we want to develop', then you can say, 'Well, here's the role that the private sector can play in that, here's the role the local authorities can play, and here's the role the universities can play'. You can then go out to Brussels and say, 'Here's the role this directorate can play, here's the role that directorate can play'. And you start to have a completely different sort of discussion, which is much easier for the partners to engage and coalesce around. It's that sort of approach that we're recommending. Together with the mechanisms, the network group, we think it will make it easier for them to engage.

[150] **Mick Antoniw:** And what impact—? How do you think, in terms of the way in which the Wales office in Brussels actually operates—? Would you see that as needing to be invigorated and changed in any way, or the role it plays? Because it has always seemed a bit as though it's sort of arm's length a little bit in terms of policy.

[151] **Dr Guilford:** It's very well located. They have some people there who are very experienced. But we are certainly recommending that that should be strengthened in a number of ways. We're recommending the creation of what we've called a support team—not a very exciting phrase, but it gets the message across—that has to sit in Wales, but a very large part of it has to sit in Brussels and engage with the networks and the commission officials and so on, to understand the Brussels thinking. That group would feed into the creation of the privatisation framework, which would then feed through to a

tactical plan, in effect, which would be the implementation plan for the Brussels office—so, ‘these are the important networks to engage with, these are the important people we should be talking to in the directorates’. I think it’s that that the office in Brussels has lacked up to now. They’re very good at picking out the things that they should engage with. I mean, the Vanguard Initiative that Wales has recently joined started as an initiative from Wales House. But they could be much more effective if they’re given that more strategic direction, we feel.

[152] **Dr Jones:** We set this process out in quite a lot of detail in the report, so that it’s comprehensible and can be digested by the incoming Government and the administration.

[153] **Mick Antoniw:** Thank you very much.

[154] **William Graham:** Thank you. Jeff, do you have a question?

[155] **Jeff Cuthbert:** Yes. The elephant in the room, of course, is the outcome of the EU referendum, or you may not agree that that’s going to be a serious problem. But, if the vote was to leave, what impact would you think it would have on funding opportunities and the longer term—well, no, the short- to medium-term—relationship between the Welsh Government and the EU?

11:00

[156] **Dr Guilford:** We’ve taken the view in the report, trying to fit in with our remit, that the only sensible way for us to work was to work on the assumption that the UK would vote to remain a member of the European Union. So, we have, therefore, looked at the opportunities that have existed for a long time in terms of Wales’s relationship with Europe, and we have focused around ‘How can we get a bit smarter at exploiting those opportunities?’ We didn’t feel it was within our remit to speculate on what would happen if the UK voted to leave, because it’s probably not something that many people would be in a position to comment on anyway, and we didn’t think it was appropriate for us.

[157] **Dr Jones:** We will be commenting on that in an individual personal capacity over the coming months, and that’s a discussion I’d enjoy to have with all of you. But it was separate from that. I think the way we put it in the report is that we’d written it on the assumption that the United Kingdom Government will decide to stay in a reformed and reforming European

Union—the double adjective is quite important, I think.

[158] **Jeff Cuthbert:** Okay, that's fair enough. If I may just go back a little bit to the questions that Mick was raising about interdepartmental work and cross-departmental work—the very nature of the approach—from next month, the Well-being of Future Generations (Wales) Act 2015 will come into force—its provisions—which will demand that all public bodies, certainly including the Welsh Government, collaborate very clearly, sustainable development will be at the heart of their work, and that there is much greater collaboration than there might be now. So, in terms of those comments that you made, would you tend to agree that that is consistent with the future generations Act?

[159] **Dr Guilford:** I think certainly it is. Hywel made the point earlier on that engagement in the big strategic themes with Europe is, by its very nature, interdisciplinary. You couldn't engage effectively on a department-by-department basis, because many of the things that we would suggest that we seek to engage have an element of research associated with them, have education elements, have social policy elements, have business elements. They require a mix of funding through grants, debt financing, financial instruments, and so on, which fits exactly with the way that the Commission themselves are thinking. So, that interdisciplinary approach—looking at sustainable development and looking at the future—is critical, I think, to the way that we're suggesting we engage with the European Union in the future.

[160] **Jeff Cuthbert:** Thank you. Do you think there's evidence that that is beginning to happen?

[161] **Dr Guilford:** I would—. Hywel may have a different view, but I think there is evidence that the people we've engaged with would like it to happen. I think it might be going a little far at this stage to say that it was, but clearly there is a desire to make it happen in a more coherent way.

[162] **Jeff Cuthbert:** Thank you.

[163] **Joyce Watson:** I want to explore relationships. You touched on the relationships between Wales House in Cardiff and Wales House in Brussels, and the wider representation. I don't know that you fully explained the relationship between those who reside in Wales House—the voluntary sector, et cetera—and how that link might be improved and the understanding advanced about their critical roles in feeding back between where they are

and where we sit here.

[164] **Dr Jones:** There are a number of points, I think. First of all, we have certainly done our best to encourage a strong team approach within Wales House, because you've got there the Welsh Government staff, you've got the Welsh Local Government Association, you've got the third sector and you've got Universities Wales. There's a lot of potential synergy between them that they need to work on and, on the whole, I must say—we had a chance last week to sense it—we're encouraged by the quality of some of the people who are there. We still think that it needs strengthening there and that the skill sets and the experience of people there matter a lot. There's no point putting in too many young, inexperienced people, if they're going to be empowered to drive participation in the different European platforms and networks, seeking partners, building partnerships, carrying forward with momentum the priorities identified by the Welsh Government.

[165] So, there's a lot of scope there, and I feel, Grahame, that there's an energy and a will—huge will—and appetite to do it. So, they need all the encouragement. But it's dependent on the clarity of what's driven from here. So, that's why I used the phrase that there's got to be a seamless communication process about the priorities from here to there. And that's why we are recommending—Grahame referred to it and we can't explain it in great detail to you orally, but, if you look at the text, the European policy group, in our recommendation, would be supported by a small support group, which would include a person or persons from Wales House, from WEFO, and from the key policy departments within Welsh Government, so that the overall high-level policy group in Welsh Government would be underpinned with the necessary intelligence and insight for it not to be making general messages into the system, but so that it really is knowledgeable to drive things forward. I think that, if that can be worked out—. Structures aren't everything; it's about people, but the structures have got to be right too. So, it's a mix of that that we are trying to recommend. I don't know if you would say anything more, Grahame.

[166] **Dr Guilford:** Yes, a word we've used, and it comes up several times in the report, is 'empowerment', and I think that's the bit that is missing at the moment. In the Brussels environment, you get up in the morning, there are 10 things you could do, all of which would be useful—which of them are you actually going to do? We need to empower the office to understand which are the priorities and then put the right mix of experience into that office there so that they can deliver on those priorities. That's the key difference. And

then you'll get that two-way communication because the information, as Hywel said, that they then feed back will be much richer, much more valuable. In turn, that will enable the empowerment to get stronger and better from this end. So, it's that circular integration that we feel needs to be strengthened.

[167] **Dr Jones:** Sorry, just to add one sentence: we would hope that where, let's say, a particular department, on sustainable development and climate change—take that as a package of great priority concern to Wales—. Dedicated staff could go on assignments out to pursue and support the staff in the Wales House team to pursue it with potential partners to be sure they're on the ball with the European Commission staff who are dealing with this. I think that we have sensed historically here that there has been a reluctance—. That's seen by some people here as a luxury. The point is that it's got to be defined as a necessary part of the responsibilities of Welsh Government if it's set—and it will be—in a serious examination of the priorities. So, in a way, it's a vicious circle. We've got to break out of that vicious circle to answer your questions.

[168] **Joyce Watson:** And have you looked at how it's operating in other countries and how they've set themselves up, and are you drawing from some experience that already exists?

[169] **Dr Guilford:** One of the key things that we set ourselves out to do from the start was to look at whether there were examples of best practice that we could draw on from other regions or countries that had similarities with Wales. We've focused in particular on Scotland and Flanders as two similar regions and a little bit on parts of Sweden as well, but we actually have a section in the report that focuses specifically on Scotland and how the Scotland office in Brussels works. Incidentally—and it's worth mentioning—the Welsh Government office has developed extremely good links with the Scotland office and with the Northern Ireland office—

[170] **Dr Jones:** And Flanders last week. Fantastic.

[171] **Dr Guilford:** —and they share intelligence and so on. But we have particularly drawn on Scotland as a model, I think, that we could certainly learn from.

[172] **Joyce Watson:** Thank you.



[173] **William Graham:** Rhun.

[174] **Rhun ap Iorwerth:** And has your trawl, looking for best practice, also looked at stakeholder engagement and the way that that works in other parts of the EU too? Where is best practice, and how does Wales compare when it comes to really engaging all those players who could be feeding into the European picture?

[175] **Dr Guilford:** We have looked at that as well and, again, it's led to what I was talking about earlier on—of our recommendations to sort of switch around the way that we think about European policy and funding streams so that we don't think about them in isolation. What the successful regions do is to look at the things that are important to them, the things where they think they have strengths and, in particular, where those two things overlap with things that are important to the Commission. So, we've suggested this three-pronged mechanism as the way that Wales might go about its own prioritisation. But, once you've identified your key themes, that then tells you which stakeholders you need to engage, how you need to engage them and so on. So, you can put that package together of—. You know, in our case, if we were going to look at a smart cities type of initiative you'd need some university involvement, you'd need some local authority involvement, some business involvement and investor involvement. You can go to Europe then with that package already half-formed. What we've seen is a great willingness amongst Commission officials to engage with regions that go with that sort of proposal, because they will then start to say, 'Well, here's where this unit can help you', 'Here's where this unit is, where this funding stream and that funding stream is', and you start to put that package together. So, that's the sort of best-practice approach we need to emulate, I think.

[176] **Dr Jones:** I think, to take one example, which Gaynor and I have, together, focused heavily on—combating poverty and social exclusion. We discovered that Wales just dropped out of being in the European anti-poverty network, which is the network that really exchanges good practice, influences the Commission on its policies, and made the big impact on the organisation from 2016 to 2020 of the European social fund, whereby the social fund must now spend at least 20 per cent on tackling poverty. So, we're hoping that, at the conference next week, we've encouraged a discussion with the third sector—the voluntary sector—to identify with the WCVA some organisation in Wales that can now really participate in that just as strongly as the Scottish alliance is participating currently in the fight

against poverty. So, it's a very crucial area. There are good examples in the university, higher education and further education fields, but there are already some good contexts there, and I think they're very encouraged to pursue them further.

[177] **Rhun ap Iorwerth:** And this is an area, of course, where there's a squeezing on funding here in Wales, and an area where, of course, there are opportunities in Europe.

[178] You also make the point in your report that we have a lot of expertise in relation to EU funding and delivering on EU funding in Wales, and perhaps, in your words, a more collective, innovative and proactive approach should be sought to engage in knowledge and capacity-sharing. How have we not been able to bring people together, if you like, to be more than the sum of their parts in the past, do you think?

[179] **Dr Guilford:** I think we've sought to engage people at too high a level. So, we've talked in terms of generic themes. You see a little bit of this in structural funds for all those reasons, but you talk about innovation. That can mean whatever people want it to mean, and it can enable people to bring any particular projects forward. So, we're suggesting that we need to go almost one level down from that and look at the priorities in terms of themes that are a little bit more detailed, and therefore makes it easier for the relevant people to engage around them. So, I think we've just been trying to do it at too high a level up to now.

11:15

[180] **Dr Jones:** And I think, too, Rhun, that, historically in Wales, the Government and people generally have had their eyes mainly on the ERDF and the ESF, quite frankly. And there is a growing realisation, now, that there's a span of policies and programmes and many of them require synergy: the research and development, the innovation, the knowledge alliances, the high-level skills—they're all embedded in different programmes. So, you need synergy in the house on Welsh policy and you need it on the interplay with the European policies. So, we've been concerned to push that idea strongly. It will need to continue to be pushed now by the new incoming Government. And it can only be pushed at the highest level, which is why we've made the recommendations, which we hope that your successors in your committee—even if you can look at it before you go and give it a little bit of a good wind, it would be excellent to encourage it. You

know, the stakes are high—the stakes are huge and appalling, for me, if it's an exit, but the stakes are high already. The challenges are massive, so we've got to get our act together.

[181] **Rhun ap Iorwerth:** It's something, I think, that's struck us as a committee, certainly in our visits to Brussels, that perhaps all of us have been far too narrow in our view of opportunities through Europe. Certainly, I think we've come to a conclusion that we need to be far more aggressive in our pursuit of European opportunities. Would you think that 'aggressive' is a fair word?

[182] **Dr Jones:** Not really.

[183] **Rhun ap Iorwerth:** Politely aggressive, I mean, of course.

[184] **Dr Jones:** You need nice aggression, I know, but—

[185] **Rhun ap Iorwerth:** In the way Ireland has perhaps been, you know, robust.

[186] **Dr Jones:** Focused and determined, I would call it. Very focused and determined. And that comes back—. Grahame is the architect on this European prioritisation framework process, and I think it is the key. And, even the discussion, if we project ourselves ahead and think that we were inside Welsh Government, in the new regime—what would that discussion, early on, be about? What is it we're going to drive now? We're insistent that there should be a limited number of priorities. It can't be everything. So, what are the things we're really going to run with? And what a great discussion to have. It's crucial.

[187] **Dr Guilford:** It's one of the things that we've stressed in the report and goes back to what Hywel was saying about getting the people with the right experience, because operating effectively in Brussels is a subtle mix of selling yourself and your region in an assertive, rather than aggressive way, perhaps—

[188] **Rhun ap Iorwerth:** 'Assertive' is what I meant, of course. We'll correct that on the Record later.

[189] **Dr Jones:** You meant 'assertive'.

[190] **Dr Guilford:** —and, at the same time, operating in a very collaborative way within the various networks. So, the successful people are the ones who balance that mix of qualities well.

[191] **Rhun ap Iorwerth:** In terms of finding that focus, of course, Commission priorities change from time to time and they've changed from funding period to funding period, but on the whole, is there anything stopping us from being able to plan pretty long term when it comes to what the central themes should be of what we're trying to achieve through our relationship with Europe?

[192] **Dr Jones:** I think it's very clear.

[193] **Dr Guilford:** I think we can plan long term, and again, we've referred to that. One of the things we have heard constantly over the last 18 months is that smart cities, particularly digitally enabled cities, is a key long-term theme. The issue of the ageing population, in particular how to make it an active and healthy ageing population, is a key long-term issue. Disaffection in youth is a key long-term issue. Those are consistent messages from within all the directorates and each of the directorates are looking at how, in their own areas, they can assist.

[194] **Rhun ap Iorwerth:** And history will tell us that they haven't changed much over time, either.

[195] **Dr Guilford:** In the areas of smart cities, for example, you can see enormous technological advances that can be applied and one can argue whether they've been effectively applied. But it does give us in Wales something to latch on to, I think. We need to take those messages on board, and look at where we have strengths in Wales that could be applied in those areas. That then gives us the basis for those ongoing discussions for our own priorities and then for the stakeholders we need to pull together inside Wales.

[196] **Dr Jones:** And I think that what was in the previous Commission, the agreed EU 2020 strategy, is in fact hugely reinforced by the Juncker package and the European structural investment funds. We are very complimentary in the report, and in private as well, about the Ministers' absolute determination and proactive activities to drive Welsh success with exploiting those funds. But those funds don't even operate in isolation. They are triggers to link with the ERDF and the ESF. There is a whole array of funds, and we've been struck,

as many of you will have been, for instance, by the development of the second campus at Swansea University, which is not just a university project; it's the region, the spin-off of jobs into SMEs in the whole of south Wales, but especially south-west Wales. So, I think there is scope perhaps to think of Wales—we've floated a little bit the idea, and I've not developed it in our report, of having at least four substantial hubs where they're going to have scale of investment and development and potential spin-offs—this is the business of your committee and its successor—and use and mobilise the different instruments, the financial instruments, the EIB stuff and the complementary resources from the other funds together, so you get the critical mass. That's the key.

[197] **Rhun ap Iorwerth:** And with a clear outcome rather than just the aim of drawing down funds.

[198] **Dr Jones:** No, it's about policy. The key is pursuit of policy.

[199] **William Graham:** Mick, you had a short question.

[200] **Mick Antoniw:** In fairness to the Commission, they are normally absolutely clear about what their five or six priorities are. It's not a question of you trying to guess it. They are sort of slapping you in the face. One of those areas, of course, that comes forward in the same way as the whole life sciences area, is the connectivity of transport, so the whole metro idea, again, in terms of those cross-cutting themes. So, in many ways, those three or four themes are almost really staring out in front of us, aren't they—major scale transformational projects—and it's having the aspiration to go for them, really, isn't it?

[201] **Dr Guilford:** I think you're absolutely right, and it just underlines the importance of spending time on the ground in Brussels, because you do, as you say, get those messages loud and clear.

[202] **William Graham:** Our final question, from Keith.

[203] **Keith Davies:** Wel, mae yna ddau gwestiwn gyda fi, mewn ffordd. **Keith Davies:** Well, I have two questions, really. The first is that the Y cyntaf yw: mae Sefydliad Joseph Rowntree wedi dod mas yn recently spoken about city regions in ddiweddar am y dinas-ranbarthau northern England, and they're critical yng ngogledd Lloegr, ac maen nhw'n of them. What they say is that a large

eu beirniadu nhw. Beth sy'n digwydd, meddai nhw, yw bod dinas fawr, er enghraifft Manceinion, yn elwa, ond wedyn nid yw'r trefi bach neu ddinasoedd bach o gwmpas, fel Rochdale, yn cael bron dim. Os rŷm ni'n sôn am beth ydych chi'n sôn amdano nawr, am y gorllewin, a rŷm ni'n cael dinas-ranbarth Abertawe; pa ffordd allwn ni sicrhau bod Llanelli a Chydweli a Chaerfyrddin yn mynd i elwa? Achos y profiad oddi wrth Joseph Rowntree nawr yw nad yw e wedi digwydd yn Lloegr. Dyna'r cwestiwn cyntaf.

city, for example Manchester, benefits, but then the smaller towns or the smaller cities surrounding Manchester, such as Rochdale, don't receive anything, almost. So, if we're talking about what you've just said about the west, and we have a city region in Swansea, how can we ensure that Llanelli and Kidwelly and Carmarthen benefit? Because the experience of Joseph Rowntree now is that it hasn't happened in England. That's the first question.

[204] Yr ail gwestiwn yw: mae cymaint o arbenigedd yn yr Undeb Ewropeaidd, ac os oeddem ni'n cael rhyw argyfwng—er enghraifft, rŷm ni'n ei gael e nawr yn y gwasanaeth dur, a chawsom ni fe yn sir Benfro gyda Murco—pa ffordd allwn ni ddefnyddio'r arbenigedd sydd gyda nhw i'n helpu ni ddod dros y problemau yna?

The second question is: there's so much expertise in the European Union, and if we were to have some sort of crisis—for example, we're having one now with the steel industry, and we had it in Pembrokeshire with Murco—how can we use that expertise that they have to help us overcome those problems?

[205] **Dr Jones:** Wel, maen nhw'n ddau gwestiwn anodd a phwysig. Rwy'n credu, yn y lle cyntaf, nid wyf yn gwybod digon am beth rydych chi'n ei ddadansoddi o ran profiad pwerdy gogledd Lloegr. Ond, mae'n bwysig i wneud y cymariaethau ac i ddysgu, wrth gwrs, o beth sy'n digwydd draw yn fanco.

**Dr Jones:** Well, those are both very difficult and important questions. I think in the first place, I don't know enough about your analysis of the experience in the Northern Powerhouse in England, but it is important to make comparisons such as that, and of course to learn from what happens over the border.

[206] Ond rwyf wedi fy nghalonogi'n fawr iawn fy hunan am y datblygiad yn y gorllewin yma, ac rwy'n credu bod y tîm sydd yno yn ymwybodol

But I'm very heartened, personally speaking, about the development in west Wales, and I would say that the team that is there is very aware of the

iawn o'r potensial o ran yr holl ranbarth. Maen nhw'n ei weld fel cyfraniad i Gymru, a byddwn yn gobeithio bod y datblygiad yma yng Nghaerdydd, a rownd Caerdydd hefyd, yn mynd i gael yr un weledigaeth, ond mae eisiau hefyd rywbeth yng ngorllewin a dwyrain gogledd Cymru, gan glymu'r prifysgolion i mewn yn gryf yn y tîm, achos mae'r buddsoddiadau mewn ymchwil yn hollbwysig. Rwy'n credu bod y bobl y tu mewn i'r prifysgolion—. Mae'r arbenigwyr yma i gydweithio. Felly, mae'n rhaid rhedeg â hwnnw, a rhoi pwsh iddo fe a'i galonogi fe gan y Llywodraeth newydd a chan y Cynulliad.

[207] Gyda'r ail gwestiwn, mae yna arbenigedd draw yna, a gyda llaw, Cymraes sydd nawr yn *director general* y gyfadran fawr—Lowri Evans—sy'n cyd-drafod cwestiynau dur gyda Chymru yr wythnos yma. Mae wedi newid swydd. Roedd yn gyfrifol o'r blaen, byddwch chi'n cofio, am bysgod a phethau felly, ond nawr mae hi wedi symud i'r swydd hon. Felly, mae drws agored fanna hefyd, fel mae'n digwydd. Mae sawl posibilid draw yn y fan yna. Mae'r ariannu at argyfwng, argyfyngau'r byd; mae posibilidau draw yn y fanna. Maen nhw wedi bod yn edrych arno fe yma, a byddwch chi'n gwybod mwy na fi am hynny, ac mae'n hollbwysig. Mae'r drws yn agored i ofyn y cwestiynau yna, rwy'n credu.

potential for the entire region. They see it as a contribution to Wales, and I would hope that the development in Cardiff and the surrounding areas will have the same vision, but we also need something in the west and east of north Wales, and we need to tie the universities strongly into the team that's working on these things, because the investments in research are essential. I think that people within the universities—. We do have experts here to collaborate. So, we have to run with that, and push it and give it encouragement, and that should come from the new Government and the Assembly.

In terms of the second question, there is expertise there, and I would say, by the way, that it's a Welsh woman—Lowri Evans—who is now the director general of the directorate that is looking at the steel industry with Wales this week. She has changed jobs. She was previously responsible for fisheries, if you remember, but has now moved into this post. So, we have an open door there as well, as it happens. There are several possibilities there. There's the funding that's available for crises, global crises; there are possibilities there. They have been looking at that issue here, and you probably know more than I do on that, but it is very important. I would say that there's an open door to be asking those questions.

[208] **William Graham:** Thank you very much for your evidence today. We look forward to seeing the report next week. We're most grateful for the way you answered our questions today. Thank you very much for your attendance.

[209] **Dr Guilford:** Thank you.

[210] **Dr Jones:** Thank you. Diolch yn fawr iawn.

[211] **William Graham:** Before I close the formal part of the meeting, may I just, as this is our last formal meeting, on behalf of the committee thank our staff for the way in which they've contributed so well? We've actually, I think, had three clerks during the time I've been Chair, so will you convey that to your colleagues, please, Gareth: how much we appreciate all the effort they've made, but particularly our advisers, also, in preparing our questions and the reports that we have on a weekly basis?

[212] I'll just finally end, if I may, on a personal note, by thanking you. I came into this post under not the best circumstances, and I'm most grateful for your support and encouragement and the way in which we've worked together to issue reports that have been recognised by Government as contributions to the future of Wales. Thank you very much.

11:28

### **Papurau i'w Nodi Papers to Note**

[213] **William Graham:** I shall ask you to agree the papers to note. Thank you very much.

### **Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill y Cyfarfod**

#### **Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Remainder of the Meeting**

*Cynnig:*

*Motion:*

*bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the*



*cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in  
17.42(vi). accordance with Standing Order  
17.42(vi).*

*Cynigiwyd y cynnig.  
Motion moved.*

[214] **William Graham:** I move the motion, under Standing Order 17.42, to resolve to exclude the public for the remainder of the meeting. Thank you very much.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:28.  
The public part of the meeting ended at 11:28.*