

Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:	For further information contact:
Hybrid – Committee room 3 – Senedd and video Conference via Zoom	Lara Date Committee Clerk
Meeting date: 30 November 2023	0300 200 6565
Meeting time: 09.30	SeneddEconomy@senedd.wales

Private pre-meeting (09.15–09.30)

Public meeting (09.30–13.50)

1 Introductions, apologies, substitutions, and declarations of interest

(09.30)

2 Papers to note

(09.30)

2.1 Welsh Government Draft Budget 2024–25 and Cost of Living

(Pages 1 – 19)

Attached Documents:

Letter from Disability Wales – 19 October 2023

2.2 The Plant Protection Products (Miscellaneous Amendments) Regulations 2023

(Pages 20 – 21)

Attached Documents:

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd – 24
October 2023

2.3 Responses to the Committee's report: Post-EU regional development funding
(Pages 22 – 43)

Attached Documents:

UK Government's response – 24 October 2023

Welsh Government's response – 27 October 2023

2.4 Cost of living pressures and the Young Person's Guarantee
(Pages 44 – 70)

Attached Documents:

Letter from the Minister for Economy – 23 November 2023

Letter from the Chair to the Minister for Economy – 26 October 2023

Letter from Jones Bros. Ruthin (Civil Engineering) Co. Ltd – 27 September 2023

2.5 Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization – Agreement on Fisheries Subsidies
(Pages 71 – 73)

Attached Documents:

Letter from the Chair to the Minister for Rural Affairs and North Wales, and Trefnydd – 26 October 2023

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd – 21 November 2023

2.6 Legislation, Justice and Constitution Committee report: Supplementary Legislative Consent Memorandum (Memorandum No. 4) on the Levelling-up and Regeneration Bill

(Pages 74 – 78)

Attached Documents:

Letter from the Chair of the Legislation, Justice and Constitution Committee to Committee Chairs – 2 November 2023

Letter from the Chair of the Legislation, Justice and Constitution Committee to the Minister for Climate Change – 2 November 2023

2.7 The Habitat Wales Scheme (HWS)

(Pages 79 – 83)

Attached Documents:

Letter from the Chair to the Minister for Rural Affairs and North Wales, and Trefnydd – 10 November 2023

Letter from the Chair to the Minister for Rural Affairs and North Wales, and Trefnydd – 10 November 2023 – Annex A

2.8 Welsh Government Draft Budget 2024–25

(Pages 84 – 86)

Attached Documents:

Letter from the Chair of the Finance Committee to Committee Chairs – 14 November 2023

2.9 Meeting of the Inter-Ministerial Group for Trade

(Pages 87 – 88)

Attached Documents:

Letter from the Minister for Economy – 16 November 2023

Updated letter from the Minister for Economy – 16 November 2023

2.10 The Official Controls (Establishment Lists) (Revocation) Regulations 2023

(Pages 89 – 91)

Attached Documents:

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd – 17 November 2023

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd – 18 October 2023

2.11 The Trade (Comprehensive and Progressive Agreement on Trans-Pacific Partnership) Bill

(Page 92)

Attached Documents:

Letter from the Minister for Economy – 23 November 2023

3 Inquiry: Research and Development: Funding bodies

(09.30–10.15)

(Pages 93 – 119)

Harriet Barnes, Director of Policy and Funding, Higher Education Funding Council for Wales (HEFCW)

Dean Cook, Director, Place and Levelling Up, Innovate UK

Dan Shah, Director of Investment Strategy and System Insight, UK Research and Innovation (UKRI)

Attached Documents:

Evidence paper – Higher Education Funding Council for Wales

Research brief

Break (10.15–10.20)

4 Inquiry: Research and Development: Higher Education

(10.20–11.05)

(Pages 120 – 136)

Amanda Wilkinson, Director, Universities Wales

Professor Roger Whitaker, Pro Vice-Chancellor, Research and Enterprise at
Cardiff University, Universities Wales

Lewis Dean, Head of the Wales Innovation Network

Attached Documents:

Evidence paper – Universities Wales

Additional evidence paper – Institute of Biological, Environmental & Rural
Sciences (IBERS), Aberystwyth University

Break (11.05–11.10)

5 Inquiry: Research and Development: Business

(11.10–12.00)

Professor Justin Lewis, Director, Media Cymru

Andy Silcox, Research Director, Advanced Manufacturing Research Centre
Cymru

Professor Pete Burnap, Director of the Wales Cyber Innovation Hub (CIH)

Break (12.00–13.05)

6 The Future of Welsh Steel: Trade Unions

(13.05–13.50)

(Pages 137 – 152)

Charlotte Brumpton–Childs, National Officer, Manufacturing, GMB Union

Alasdair McDiarmid, Assistant General Secretary, Community Union

Peter Hughes, Wales Secretary, Unite the Union

Attached Documents:

Research brief

7 Motion under Standing Order 17.42(ix) to resolve to exclude the public for the remainder of the meeting and for items 1, 2 and 3 of the meeting on 13 December 2023

(13.50)

Private (13.50–14.00)

8 Consideration of evidence following the meeting

(13.50–14.00)

Dear Economy, Trade, and Rural Affairs Committee,

We are writing to you to express the importance of including specific financial support for disabled people in the upcoming 2024-2025 budget.

We have all felt the effects of the cost-of-living crisis, but we have not all experienced it equally. We have found that there are disabled people across Wales, forced to live in awful circumstances due to the twin problems of poverty and the cost-of-living crisis. A fifth of the population of Wales is disabled¹ and households containing at least one disabled person is more likely to be living in poverty,² disabled people are more likely to be economically inactive or if in work, that work is more likely to be insecure and low wage.³ Poverty has long been a problem for disabled people living in Wales, but the rising cost-of-living is forcing people into worse and worse circumstances.

The 2023-2024 budget did not provide specific support for disabled people during the crisis and our findings from our report “Barely Surviving the impact of the cost-of-living crisis on disabled people” displays some of the consequences. We found that the financial support available was short-sighted, the cost-of-living payments supporting people to pay one month of bills, but nothing beyond. Disabled people often have more essential costs than non-disabled people, this extra cost of disability has not been accounted for, beyond the support already available.

The consequences are severe. Disabled people reported only being able to eat one meal a day, having to let go of support workers or stop going to vital therapies because of cost, being unable to run access equipment due to costs, in some cases losing their lives.

These have been difficult years to be a disabled person in Wales. We have been living through a mass-disabling coronavirus pandemic, in

¹ Office of National Statistics, Census 2021, “Disability, England and Wales: Census 2021”, 19th January 2023, <<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/disabilityenglandandwales/census2021#how-disability-varied-across-england-and-wales>>

² Joseph Roundtree Foundation, “UK Poverty 2023 – The essential guide to understanding poverty in the UK”, 20th January (2023), p65, <https://www.jrf.org.uk/sites/default/files/jrf/uk_poverty_2023_-_the_essential_guide_to_understanding_poverty_in_the_uk_0_0.pdf>

³ Department for Work and Pensions, “Employment of disabled people 2022”, UK Government, 26th January (2023), <https://www.gov.uk/government/statistics/the-employment-of-disabled-people-2022/employment-of-disabled-people2022#labour-market-status>

which disabled people have been disproportionately harmed. Disabled people have disproportionately been impacted by over a decade of austerity policies and with severe changes to their benefit entitlement from the UK Government, this period of financial uncertainty and continued poverty does not look likely to change.

We are calling for the Budget to include a series of recommendations and for certain questions to be asked of what we need and what is missing.

- The Welsh Government, health services and local authorities in Wales should provide specific support for the running and maintenance of disability related equipment, to ensure that all disabled people are not financially impacted by their need to use certain equipment.
- Welsh Government to urgently review its policy on social care charges, including whether the disregards for disability related expenditure are adequately protecting disabled people on low incomes with high costs.
- Urgent action to recognise and tackle mental health issues amongst disabled people, including pathways to accessing appropriate mental health support whether from social care, other areas of the health service and/or through peer support, such as from disabled people's organisations.
- Food subsidies should be considered to reduce the cost of food in shops. To supplement this, the Welsh Government and Local Authorities should provide support to and nurture the creation of community food schemes. These schemes should include accommodation for dietary requirements and include options for access requirements.
- Public transport, such as buses and trains, should be taken under public ownership to be delivered as a public service, including measures such as reduced ticket prices with the eventual goal to make public transport in Wales free.
- Provision of resources and capacity building measures to ensure the establishment and sustainability of at least one Disabled People's Organisation in every local authority, to support

coproduction of policies and services with public bodies, including peer support schemes for disabled people

- Commitment from the Welsh Government to prioritise tackling the extra cost of disability

For more information, please contact

[REDACTED]. You can find our full report here:

<https://www.disabilitywales.org/wp-content/uploads/2023/07/Barely-Surviving-cost-of-living-report.pdf>

Kind regards,

Megan Thomas

Policy and Research Officer

Disability Wales



Disability Wales
Anabledd Cymru

Barely Surviving: The Impact of the Cost-of-Living Crisis on Disabled People in Wales

This report is dedicated to the memory of the disabled people who have lost their lives during the cost-of-living crisis



Introduction

It has been difficult to escape the cost-of-living crisis, but the reality of it for many disabled people across Wales has been devastating. This report may be a tough read for some, but we are unapologetic for it as we believe it is a necessary one. Our research indicates that disabled people in Wales and across the UK have been systemically let down by their governments and our findings show that trust in Government is at an understandable extreme low.

This report is split into sections to mirror the survey that was circulated. Starting with the impact of increased energy bills where we found that most respondents had experienced large bill increases and many found themselves unable to meet their costs as a result. We next move to the impact of increasing costs in other areas, focusing mostly on transport and food, where we see disabled people being unable to afford three meals a day or their impairment-related diets and experiencing ever-increasing social isolation due to lack of access to transport. We then consider the impact on physical health, mental health and well-being, this section sees some of our most concerning findings regarding an ongoing crisis in mental health among disabled people that remains unaddressed.

The cost-of-living crisis has caused significant harm to many disabled people across Wales. Support measures implemented have been insufficient to deal with the extent of harm that the crisis has caused. The short-term responses have been inadequate for a long-term crisis. We also see little support for other related impacts of the crisis, such as measures to reduce the cost of public transport, food, and mental health support for those struggling to meet the costs.



Methodology

In accordance with the social model of disability and the philosophy of our organisation, this report is primarily informed by the direct experiences of disabled people living in Wales. We ran a self-selecting survey available in English language, English language Easy Read, English language plain text, Welsh language, and Welsh language plain text. We received 74 responses to our survey across all formats; however, we did not receive any responses to our Easy Read survey.

71 respondents identified as a disabled person, one respondent identified as non-disabled but answering on behalf of a disabled person and one person identified as non-disabled and answered for themselves. Not all respondents answered every question, so not all figures will add up to 74. The highest response rate by local authority was from among residents in Cardiff City Council, the second largest number of respondents were based in Gwynedd. All respondents were based in Wales.

We also ran two self-selecting online focus groups aimed at disabled people. 25 individuals attended the focus groups overall, it is likely that some individuals both attended a focus group and completed the survey. We also ran a network meeting of disabled people's organisations and have incorporated some of that feedback into this report. This report also uses findings from a previous Disability Wales survey on the cost-of-living crisis conducted in Spring 2022, this survey received 39 responses. Our primary data is supplemented by secondary research of other key sources.

Context

Wales has a higher proportion of disabled people within their population than the rest of the UK, 28% of the Welsh population is disabled, compared to 22% in both England and Northern Ireland, and 21% in Scotland. Disabled people throughout the UK are also more likely to be economically inactive and have a higher rate of living in poverty.¹²³

The Locked-Out Report about the impact of Covid-19 on disabled people also demonstrated a clear link between outcomes and poverty, social deprivation, state benefits, housing and experiences of work and employment.⁴

Disabled people are particularly more likely to experience fuel poverty, in 2021 900,000 disabled people lived in fuel poverty, Scope and National Energy Action estimates raised that to 2.1 million people if bills reached £3,000 a year.⁵

What is referred to in this report as the “additional cost of disability”⁶ refers to unique costs experienced by disabled people or costs that are more essential for disabled people. Heat and electricity are also two costs that disabled people may need to meet to manage their impairments.

Some impairments can be triggered by extreme temperatures or require the use of equipment that uses a significant amount of electricity. These impairment-related expenses are essential for the disabled person, therefore in some cases, the basic payments they must make are increased in comparison to a non-disabled person or they would have to reduce expenditure in other essential areas, notably food and transport, to meet these costs.

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Scope and National Energy Action estimates raised that to 2.1 million people if bills reached £3,000 a year.



Section One: Impact of Rising Energy, Electricity and Water Bills

A significant majority of disabled people who responded to our survey experienced increased costs to their heating, electricity and water. Of the 74 respondents, 89% experienced increased costs, this is a slight reduction from the previous year in which 92% of the respondents experienced increased costs, however it is relevant that the 2022 survey had significantly less participants.

When asked to give further details, one disabled person told us that “Heating has increased to the extent that we don’t turn it on, just wear more clothes.” This is a common response throughout survey responses and within the focus groups, disabled people reported using coping strategies such as wearing more clothes,⁷ turning heating on for strategic times throughout the day, or resorting to having to try and bare the cold.

Respondents noted that they had already been struggling for money prior to the crisis, making it difficult to cut expenses in other areas to make up for bill increases. One key concern was the wages and benefits such as Universal Credit and Personal Independent Payments not rising in line with inflation⁸ was highlighted as a key issue “everything is getting more expensive. energy costs, household bills, food prices, travel costs and yet wages, and PIP remain the same I can’t keep up.”⁹

Uncertainty about future bill increases was also highlighted. “What’s worse is not knowing what to expect next, how much more costs will increase.”¹⁰ Some noted that even with cutting expenses, they are concerned about future financial issues or costs increasing further.

58 of the 74 respondents reported having to cut back on these costs. When asked to provide further details respondents reported having to sell their possessions to pay their bills, some had to significantly reduce their car usage.¹¹ One respondent reported that they had to change what they used their PIP for, switching from using it for certain therapies to using it for survival. Multiple respondents reported having to use outdated glasses prescriptions as they could not afford bills and to update their glasses.¹²

Fuel poverty amongst disabled people is a problem that pre-exists this crisis, National Energy Action estimated that prior to the crisis, 900,000 disabled people lived in fuel poverty.¹³ Respondents to the survey and participants in the focus groups noted that the pre-existing problem with the price of fuel and financial insecurity has exacerbated the impact of the crisis. Many disabled people could barely afford to heat their homes previously, now it is an issue for an increased number of people.

There has been significant concern about people living on pre-payment meters. These meters are “a type of domestic energy meter that lets you pay for energy before you use it. This type of meter is also known as a pay-as-you-go meter.”¹⁴ Customers using prepayment meters are disproportionately low income, but prepayment meters are often more expensive. National Energy Action found that people living with prepayment meters are far more at risk of disconnection than their counterparts.¹⁵ Disability Wales is glad to see action from Ofgem on the forced installation of these prepayment meters, but more must be done to ensure that prepayment customers are not financially penalised for using this form of meter.¹⁶

Some action has been taken on energy bills and other household bills. We were pleased with the tariffs placed on energy companies and to see some support such as Winter Fuel Allowance and the one-off £150 cost of living payments. However, as will be discussed in further detail in section four, this is a long-term problem which cannot be fully addressed by measures designed to support people in the short term.

Section Two: Housing, Transport and Other Expenses

Disability Wales believes that this crisis is significantly more complex than just the rising cost of bills, this belief was reflected in the responses from disabled people living in Wales. This section addresses some of these other costs, such as the cost of transport, food, and leisure activities, and the impact on disabled people.

We found that disabled people in Wales are consistently spending more across Housing, Transport and Impairment related expenses. 61 disabled people told us that they had spent more on transport and 48 disabled people told us that they had to spend more on impairment-related expenses. Respondents noted the rise in prices of car fuel, and transport tickets as some of the main contributors towards rising travel costs. Some respondents noted that impairment-related expenses are essential costs for them so were had to sacrifice elsewhere to meet these costs. Housing costs was split evenly between those who had or had not spent more money on their housing costs. For those who had, many owned their own homes and attributed it to rising mortgages and the additional costs of having to make adaptations to their homes.

Disability Wales asked if respondents had cut back on a range of expenses. Transport was a typical area to make cuts with 53 respondents having reported to cut back on transport. This is a concern, especially considering that respondents reported that having to make these cuts had left them increasingly isolated and unable to see loved ones. They reported that they had found it difficult to afford to attend medical appointments and access important services that required transportation. Disability Wales is also concerned that these cuts have left other support measures less effective, when asked about if they had used a 'warm bank,' some respondents told us that they had been unable to use a warm bank due to the cost of transport to get there.

Food was another typical area where respondents cut back. 50 respondents reported that they had cut back on their food expenses and this was also reflected in the focus groups. Respondents reported that the cost of food have left them only able to eat 1 or 2 meals a day and made it difficult to eat their required diet e.g., gluten free. Two of the most likely areas to cut spending was on clothing and leisure activities. 56 respondents had cut spending on clothing and 58 respondents had cut back on leisure activities. Although clothing was not mentioned specifically, many respondents reported that they had to cut back on leisure activities to afford their main expenses. Many disabled people have told us that they have been unable to do the activities which bring them joy or

fulfilment and as a result have experienced a significant reduction in their quality of life, one person noting that they are "just surviving" instead of living fully.¹⁷

Social isolation was a common theme throughout this section of research. The combination of a lack of access to transport, suitable housing and having to cut back on expenses not related to essentials needed to survive, left many disabled people becoming isolated from their communities and loved ones.

Although still the largest share of respondents, the least likely area to cut was impairment-related expenses. 32 respondents had cut back on impairment-related expenses, as mentioned in the previous paragraph, impairment-related expenses are often an additional essential expense for disabled people that often cannot be cut back on, or once cut back on has an extreme impact on their life. Examples of an impairment-related expense include costs of running equipment, particular diets and additional transport expenses. One respondent reported that they could no longer afford their support worker due to the crisis, one respondent couldn't afford to run their access equipment, and another respondent told us that they felt like they would be better off in a prison than in their current circumstances.

Disability Wales is alarmed at evidence that some disabled people are no longer able to afford the costs of their support workers due to the crisis. In Wales, the maximum weekly care charge is £100 for people in receipt of social care support from their local authority.¹⁸ Under the Welsh Government and Plaid Cymru agreement, a commitment was made to introduce a National Care Service which is free at the point of need.¹⁹ To date, there is no timetable for the implementation of free care and support.

Disability Wales is concerned about the long-term impact of these increased costs and the lack of targeted support addressing these concerns. This evidence does not exist in isolation and concerns over disabled people in Wales having to cut back on or live without in these areas have been repeated by organisations across Wales.²⁰ As costs continue to remain high, we must see swift and decisive action to tackle this.

Section Three: Impact on Wellbeing, Physical and Mental Health.

In this report there are references to suicide and self-harm, we have included this as we believe it is important to understand the severity of the impact of the crisis on disabled people, but this section may be triggering or distressing for some readers.

We have found that the cost-of-living crisis has had a profound impact on the wellbeing, physical and mental health of the disabled people we spoke to. This was highlighted as a concern in our previous research on this topic, of the 39 respondents to our 2022 survey 82% had reported that it had impacted their mental health.²¹

It cannot be understated the extremity of the impact of this crisis on some of our respondents. Multiple respondents reported experiencing suicidal ideation and mentions thoughts of ending their lives. One respondent reported that a disabled friend had taken their own life after feeling like a financial burden on their family.²² Disabled respondents specifically talked about financial insecurity and feelings of hopelessness about the crisis as stressors for their mental health. This applied consistently to both disabled people with pre-existing mental health conditions and disabled people who developed mental health conditions, such as anxiety, due to the crisis.

Many respondents have reported worsening physical health. One respondent reported worsening asthma and anxiety attacks due to not being able to keep their home heated²³ Increased pain has been a common physical health concern from the crisis. This is mostly attributed to lack of being able to afford adequate heating for homes.

Well-being has also been hugely affected. Of our respondents, 80% reported it having a negative impact on their well-being. The main

themes regarded the intersection of physical and mental health worsening and increased isolation. Many reported that having to sacrifice transport costs or others having to sacrifice their transport costs has isolated them from their loved ones and forced them to miss hospital appointments.²⁴

This is also a particular problem in residential homes where there is limited support for the disabled person to be able to financially support visitors.

Our research found that of the 74 respondents 52 reported that their physical health had been impacted by the crisis, 58 respondents reported that their mental health had been impacted by the crisis and 59 reported that their wellbeing had been impacted. We see that physical health may have been the least impacted, although levels are high for all three.²⁵ We would like to stress that even if impact on mental health and wellbeing is more ubiquitous, the individual impact on the disabled respondents is extremely important.

There is a lack of joined up support between the health service, mental health, social care and other support providers. We are concerned that the evidence points to this resulting in disabled people slipping through the cracks and struggling on their own. These experiences of our respondents were completely avoidable, this must become a national priority for the Senedd.

Section Four: Support

One key takeaway from our research in 2022 was the lack of awareness of available support for the cost-of-living crisis. In 2023 this persists as an issue. Of the 74 survey respondents, 23 respondents felt informed of support options available. 11 disabled people were unsure and 30 did not feel informed with 8 people not knowing any support options available at all.²⁶²⁷

The raw number of disabled people who had received support had increased in the latest survey, from 9 of the 39 respondents to the first survey having received effective support increasing to 14 out of the 74 respondents in the most recent survey. The number of respondents who had received support in the most recent survey is a lower percentage of the total number of respondents than in the previous but given the smaller sample sizes we don't attribute too much significance to this.

When asked about some specific support options, we do see some improvement.

Comparing knowledge of Wales Fuel Support Scheme²⁸ in 2023 to 2022. In both years, we see a high level of knowledge compared to the other areas asked about. In 2023 91% of the 74 respondents had heard of Winter Fuel Allowance compared to 7% of people had not. In 2022 85% of respondents had heard of Winter Fuel Allowance compared to 6% who had not.

Responses to our question on Local Housing Allowance²⁹ is more interesting. Although the sample sizes remain small and are different in both groups, the changes are different enough that they may be of some significance. In 2023 we found that 46% of respondents had heard of Local Housing Allowance, compared to 53% who had not, while in 2022 30% of respondents

had heard of Local Housing Allowance in comparison to 69% who had not.

There is concern that across both years, the number of respondents who had heard of Local Housing Allowance was lower than those who had not, even if the gap is starting to close.

There seems to be less progress with Discretionary Assistance Fund.³⁰ The number of respondents who had not heard of Discretionary Assistance Fund has remained high, in 2022 64% of respondents had not heard of Discretionary Assistance Fund and in 2023 58% of respondents had not heard of the fund. We do see that the percentage of those who had heard of the Discretionary Assistance Fund has increased, but less significantly than that of Local Housing Allowance. Of those who have heard of it, one respondent told us that even though they knew what it was they didn't understand it or how to get it.

In a focus group last year, we heard that a disabled person had received a £150 cost-of-living support payment³¹ without any communication regarding the payment.³² Overall, 62 respondents had heard of the £150 payment making it the second most well-known following Winter Fuel Allowance. The impact of the payment however seems limited, one respondent reporting that it "helped make a dent for a month."³³

In 2023 91% of respondents had heard of Winter Fuel Allowance compared to 7% of people had not.

In 2022 85% of respondents had heard of Winter Fuel Allowance compared to 6% who had not.

Section Four: Support (cont.)

We asked about respondents' usage of food and warm banks. Every respondent had heard of food banks, 10 respondents had been to a food bank, 9 respondents had considered going to a food bank and 51 respondents had reported never going or considering going to a food bank. Respondents who had not gone to or considered going to a food bank had a variety of reasons why, with not all respondents not needing them. The other responses focused on the accessibility of food banks, that they would go to a food bank if they had the means to access one, or shame surrounding food bank usage was key. Some reported living in 'gossipy' areas and being concerned about rumours, some reported that, despite needing one, their pride would not allow them to seek out a food bank. An attendee of the focus groups also reported that their pride had prevented them from going to a food bank. We see a key problem with the perception of food banks with shame around their usage preventing disabled people from accessing a key resource.

It is a similar story with warm banks. These are less high profile than food banks with 8 respondents not knowing what a food bank was and a focus group participant not knowing what they are. As there are fewer warm banks than food banks, physical access to them was identified as a key issue from their use. Physical access in this case encompasses both travel to warm banks and the space used as a warm bank. "Cost of travel and uncomfortable seating are barriers."³⁴ In the focus groups, some respondents did not access warm banks as the journey to get to the warm bank would still leave them extremely cold.³⁵

The cost and availability of public transport is a repeated barrier throughout this report. Even in parts of Wales which do have access to some of these services, or where support is set up and communities can work with each other, the transport system in Wales has meant that there are disabled people who still cannot access them. Public transport in Wales is a commonly discussed issue, but at the ground level the quality of transport in Wales is one of the largest barriers to being able to effectively support disabled people.

This research was conducted prior to the UK Government's announcement regarding introducing legislation to raise many benefits in line with inflation.³⁶ This is a welcome if long overdue step. We are however concerned that with inflation set to continue rising and that prior to the cost-of-living crisis, benefit levels still were not sufficient to meet basic let alone additional costs faced by many disabled people, this issue will reoccur.

'Cost of travel and uncomfortable seating are barriers'

Impact on Disabled People's Organisations

There are many disabled people's organisations the length of Wales delivering vital services and support to disabled people.

However, in a network meeting with disabled people's organisations, many stated that they do not have the funding they need to maintain the level of services they provide. Funding to combat the rising cost of bills and other expenses was highlighted as a key need. One notable example is **Aubergine Cardiff**, an autistic-led café and arts organisation which recently faced eviction due to their landlord drastically increasing their rent.³⁷

Disabled people's organisations are run and controlled by disabled people and are uniquely placed to deliver services and support to disabled people that more fully meet their needs. This has been recognised as vital to the implementation of the UNCRDP, but **funding for disabled people's organisations whether at national or local level is not adequate.**

Conclusion

The cost-of-living crisis has caused significant harm to many disabled people in Wales. For some it has meant cutting back on smaller costs, for some of the disabled people who responded to our survey it has completely changed their lives. The UK Government's response to the cost-of-living crisis also brings into sharp focus the inadequacy of the current welfare system and processes set up to deliver essential financial support.

The Welsh Government endeavoured to deliver timely yet short-term financial support to address the cost-of-living crisis which achieved some benefit for disabled people. To tackle the long-term, persistent inequalities faced by disabled people highlighted in the Locked-Out Report, **the First Minister set up the Disability Rights Taskforce in November 2021.** However, despite progress towards developing actions and objectives, the full Disability Rights Action Plan is not scheduled for publication until March 2024, leaving many disabled people feeling frustrated over the lack of urgency in tackling current issues.

Moreover, neither the UK nor the Welsh government provided assistance that was specifically targeted at addressing the unique circumstances experienced by disabled people, who face higher living costs on account of their impairments despite being more likely to live in poverty. **Many disabled people report seeing their impairments and health conditions worsen as a result of the crisis, with mental health issues becoming a silent epidemic.** Loneliness emerged as a strong theme in the research, indicating not only a lack of company, but also a sense of abandonment in having to make difficult choices with limited support.

With energy costs and the prices of essentials such as food and vital services such as public transport still high, both the Welsh and UK Governments **must act urgently** and meaningfully in response to the harrowing lived experiences of disabled people who found themselves **'barely surviving'**

Key Recommendations

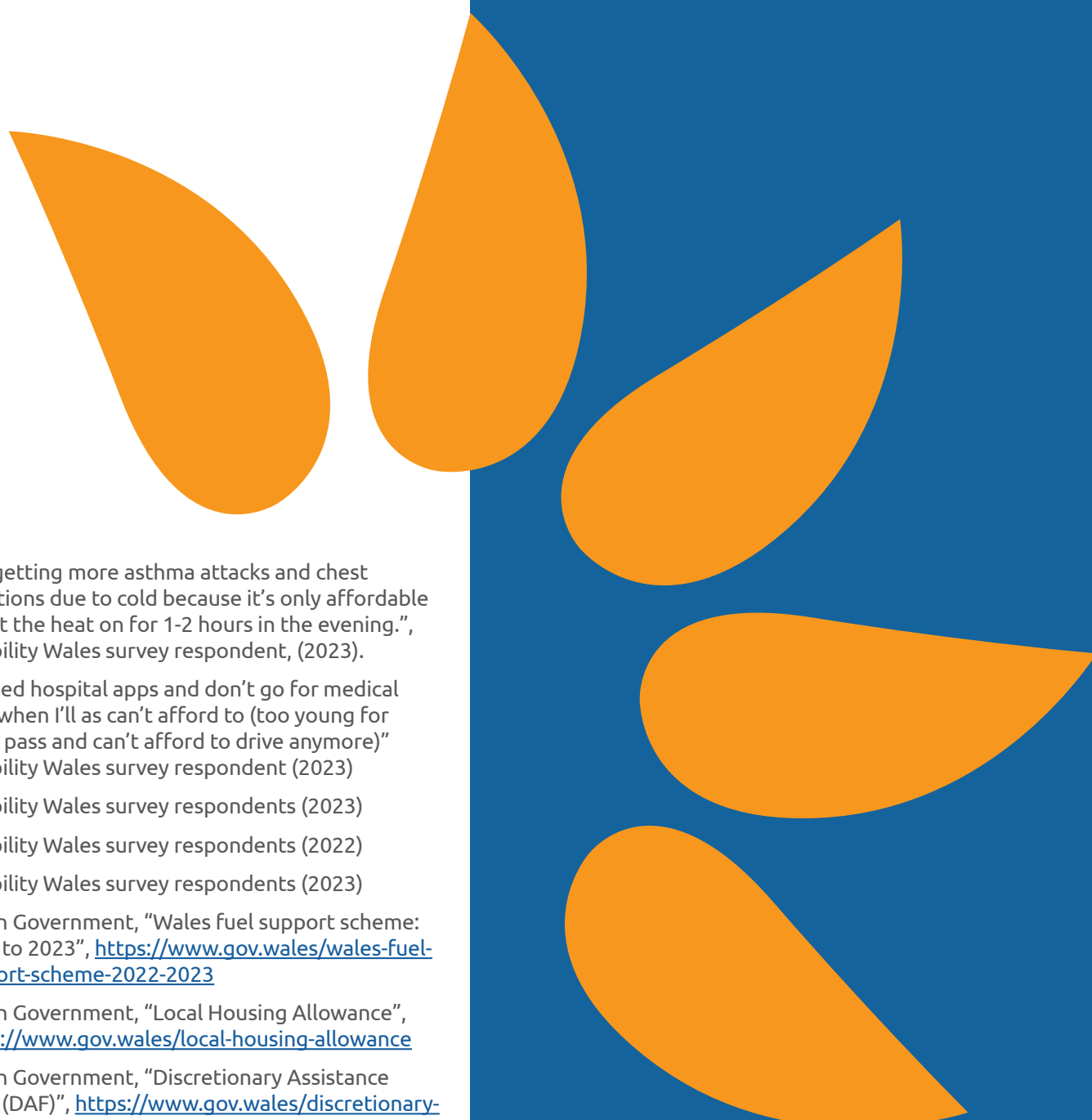
- Commitment to the proposed Disability Rights Action Plan, coproduced by the Disability Rights Taskforce, effecting radical change in maximising the social and economic potential of disabled people in Wales and minimising harms caused by national crises
- Incorporate the UN Convention on the Rights of Disabled People. Despite its inclusion in the Programme for Governance and the Co-operation Agreement with Plaid Cymru, there is still no timeline for incorporation of the United Nations Convention on the Rights of Disabled People. With limited time remaining in the legislative agenda, the Welsh Government must outline their plan for incorporation.
- Provision of resources and capacity building measures to ensure the establishment and sustainability of at least one Disabled People's Organisation in every local authority, to support coproduction of policies and services with public bodies, including peer support schemes for disabled people
- Commitment from the UK Government and the Welsh Government to prioritise tackling the extra cost of disability, involving disabled people and Disabled People's Organisations in the redesign of the benefits system.
- Devolution of the benefit Personal Independence Payment to Welsh Government, enabling a coproduced approach to the design and assessment process in line with the social model of disability.
- Action from regulators, such as Ofgem and Ofcom, to make sure that disabled people don't overpay for everyday essential services²⁴. Exploitative higher standing charges for pre-payment meters should come to an end and social tariffs should be introduced. Government must intervene to ensure that energy bills are affordable for all and that customers are not being forced to move to pre-payment meters.
- Implementation of "One Ticket, One Route, One Service", with public transport, such as buses and trains, taken under public ownership to be delivered as a public service, including measures such as reduced ticket prices with the eventual goal to make public transport in Wales free.

- Food subsidies should be considered to reduce the cost of food in shops. To supplement this, the Welsh Government and Local Authorities should provide support to and nurture the creation of community food schemes. These schemes should include accommodation for dietary requirements and include options for access requirements.
- Utilising data collection and population needs assessments to inform a joined-up approach between Welsh Government, local authorities and health services to identify disabled people at risk from the impacts of the cost-of-living crisis on their health and wellbeing by ensuring better targeting of financial support and support services.
- The Welsh Government, health services and local authorities in Wales to provide specific support for the running and maintenance of disability related equipment, to ensure that all disabled people are not financially impacted by their need to use certain equipment.
- Welsh Government to urgently review its policy on social care charges, including whether the disregards for disability related expenditure are adequately protecting disabled people on low incomes with high costs.
- Urgent action to recognise and tackle mental health issues amongst disabled people, including pathways to accessing appropriate mental health support whether from social care, other areas of the health service and/or through peer support, such as from disabled people's organisations.

For more information and
valuable resource
www.disabilitywales.org/resources/

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- ⁵ Scope, "Charities warn number of disabled households in fuel poverty set to double by end of year", 17th March (2022), <https://www.scope.org.uk/media/press-releases/fuel-poverty-set-to-double/>
- ⁶ Scope, "Disability Price Tag 2023: the extra cost of disability", (2023), <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/#What-needs-to-change>
- ⁷ Disability Wales survey respondent (2023)
- ⁸ Since publication of survey, announcement made to raise these benefits in line with inflation.
- ⁹ Disability Wales survey respondent (2023)
- ¹⁰ Disability Wales survey respondent (2023)
- ¹¹ "The price of everything has shot up, but the money I live on - all I have are disability benefits: PIP & ESA - hasn't. Before the crises, when my oil in the tank got to half empty, I could afford to get it topped up straight away. For the last couple of years, the tank has been empty more than it's been filled. I'm sat here in a freezing home right now, because my oil ran out, & I didn't have the money to buy more. I also had to get an oil engineer in, to fix the boiler, because it'd run dry! I'm crippled with arthritis, and a host of other immune-based illnesses, & if I get cold, the pain intensifies – my home is freezing, as I live in a 300 year old stone cottage." Disability Wales survey respondent (2023)
- ¹² Disability Wales survey respondent (2023)
- ¹³ Scope, "Charities warn number of disabled households in fuel poverty set to double by end of year", 17th March (2022), <https://www.scope.org.uk/media/press-releases/fuel-poverty-set-to-double/>
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- ¹⁷ Just surviving atm, don't think I of my family have 'lived' in a while." Disability Wales survey respondent (2023)
- ¹⁸ "Charging for social care", Welsh Government, <https://www.gov.wales/charging-social-care>
- ¹⁹ The Co-Operation Agreement 2021", Welsh Government, 1st December (2021), p3, <https://www.gov.wales/sites/default/files/publications/2021-11/cooperation-agreement-2021.pdf>
- ²⁰ The Bevan Foundation, "A snapshot of poverty in Winter 2023", The Bevan Foundation, 2nd February (2023), <https://www.bevanfoundation.org/wp-content/uploads/2023/02/Snapshot-of-poverty-in-winter-2023.pdf>
- ²¹ Disability Wales survey (2022)
- ²² "I have recently lost a close disabled friend due to suicide as she could no longer cope with the costs she was causing her family. She did not feel she was seen as an individual in her own right just because she was a mother and wife. Her husband and two young children are devastated." Disability Wales survey respondent, (2023).



²³ "I'm getting more asthma attacks and chest infections due to cold because it's only affordable to put the heat on for 1-2 hours in the evening.", Disability Wales survey respondent, (2023).

²⁴ "Missed hospital apps and don't go for medical help when I'll as can't afford to (too young for a bus pass and can't afford to drive anymore)" Disability Wales survey respondent (2023)

²⁵ Disability Wales survey respondents (2023)

²⁶ Disability Wales survey respondents (2022)

²⁷ Disability Wales survey respondents (2023)

²⁸ Welsh Government, "Wales fuel support scheme: 2022 to 2023", <https://www.gov.wales/wales-fuel-support-scheme-2022-2023>

²⁹ Welsh Government, "Local Housing Allowance", <https://www.gov.wales/local-housing-allowance>

³⁰ Welsh Government, "Discretionary Assistance Fund (DAF)", <https://www.gov.wales/discretionary-assistance-fund-daf>

³¹ Welsh Government, "Cost of Living Support Scheme: guide for local authorities", <https://www.gov.wales/cost-living-support-scheme-guide-local-authorities-html>

³² Disability Wales focus group (2022)

³³ Disability Wales survey respondent (2023)

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³⁶ HM Treasury, "Spring Budget", (2023), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1144441/Web_accessible_Budget_2023.pdf

³⁷ Sanjana Idnani, BBC Wales, "Cardiff cafe staffed by autistic people fears closure", 23rd December (2022), <https://www.bbc.com/news/uk-wales-63911682>



Disability Wales
Anabledd Cymru

If you are developing a project that can benefit from involvement or co-production with disabled people then get in touch to find out how we could work in partnership with you.

Disability Wales/Anabledd Cymru

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Company Number: 1998621

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Agenda Item 2.2

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

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

SeneddEconomy@senedd.wales

24th October 2023

Dear Paul,

The Plant Protection Products (Miscellaneous Amendments) Regulations 2023

I refer to my letter to you of 13 September 2023. I wish to inform the Committee I have given my consent to Minister of State to lay the Plant Protection Products (Miscellaneous Amendments) Regulations 2023 in relation to Wales. I have laid a Written Statement which can be found here <https://senedd.wales/media/tc2p1has/ws-ld16099-e.pdf>

The Regulations intersect with devolved policy and will apply to Wales. The Regulations will extend to England, Scotland and Wales. The Statutory Instrument (SI) is subject to the affirmative procedure and was laid before the UK Parliament on 23 October 2023 with a commencement date of 31 December 2023.

Although the Welsh Government's general principle is that the law relating to devolved matters should be made and amended in Wales, on this occasion, it is considered appropriate for the UK Government to legislate on a GB-wide basis. Plant Health and Pesticides are areas where the Welsh Ministers have often consented to the SOS making legislation on a GB-basis due to the GB wide approach to the subject matter. This approach would ensure there is no divergence between Welsh and other GB regulations, reducing any confusion and disadvantage for Welsh trader and reducing any potential administrative burden for the Health and Safety Executive when administering permits for parallel trade and in undertaking any enforcement activity.

Bae Caerdydd • Cardiff Bay
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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.

I have written similarly to Huw Irranca-Davies MS, the Chair of the Legislation, Justice and Constitution Committee (LJCC).

Yours sincerely,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive, flowing style.

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 2.3



Department for Levelling Up,
Housing & Communities

Jacob Young MP

*Parliamentary-Under Secretary of State for
Levelling Up*

**Department for Levelling Up, Housing
and Communities**

4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

Paul Davies MS
Chair of the Economy, Trade, and Rural Affairs Committee
Welsh Parliament
Cardiff Bay
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CF99 1SN

Response to the report by the Economy, Trade and Rural Affairs Committee into post-EU regional development funding in Wales

Thank you for your letter of 11 September addressed to my predecessor Dehenna Davison MP. I would like to extend my gratitude to the Committee for compiling the report into post-EU regional development funding in Wales and to acknowledge those who contributed supporting evidence. Responses to each of the Committee's recommendations are provided alongside this letter.

The UK Government is making record levels of investment in Wales through our Levelling Up agenda where we are working effectively with all levels of government to support people, business and communities across the length and breadth of the country. Over £1bn has been invested so far including £585m allocated to local authorities in Wales through the UK Shared Prosperity Fund (UKSPF), £328m of investment into 21 local authority-led capital projects in Wales through the Levelling Up Fund (LUF), and a further £52m from effective cross-governmental working with the Welsh Government to designate two Freeports in Wales. I am particularly excited to be working with local stakeholders to progress forward the new Freeports in Anglesey and South-West Wales, which were announced in March of this year.

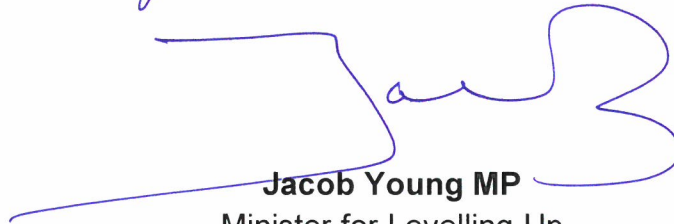
I look forward to building on these achievements as further investment opportunities come forward. This includes the UK Government's commitment to establish at least one Investment Zone in Wales. We are continuing to work jointly with the Welsh Government to make this happen and hope to make an announcement shortly.

I note that many of the Committee's recommendations concern future funding beyond the current Spending Review (SR) period. Please be assured that as we start to consider future funding opportunities and the next iteration of our Levelling Up funds, we will of course take

account of the Committee's recommendations and continue to engage with local partners in Wales and with the Welsh Government to draw on their experiences and perspectives.

Once again, I thank you and your committee for this important work. Diolch yn fawr iawn.

Gyda phob dymuniad da,



Jacob Young MP
Minister for Levelling Up

Recommendation 1: Before any future post-EU regional development funding round is announced the UK Government and the Welsh Government should attempt to agree a common position on the timing of its rollout and quantum of funding.

Arrangements for post-EU funding in Wales were set out by the UK Government (UKG) in April 2022 when final details of the UK Shared Prosperity Fund (UKSPF) were announced. This included the publication of the UKSPF Prospectus which provided detailed information on the fund for use by local authorities and other partners across the United Kingdom (UK). The UKSPF forms part of a strategic investment package of over £1bn being made by the UKG to deliver Levelling Up in Wales. This is in addition to the £790m of funding that has been committed by UKG in the form of four City and Growth deals.

Prior to the announcement on the UKSPF, the Department for Levelling Up, Housing & Communities (DLUHC) held positive conversations on the design of the UKSPF with several partners including the Welsh Government (WG) and representatives from local government in Wales. Discussions with WG focused on agreeing the methodology for distributing funds and the indicative list of interventions to be supported.

The terms for any future iteration of the UKSPF will be guided by the development of the UKG's next Spending Review which will determine departmental budgets beyond 2024-25. This process will be informed by not only a monitoring & evaluation of the fund's delivery, but also the experiences and perspectives of local partners in Wales which will guide how any future funding in Wales should be designed, distributed and delivered. The UKG will engage with WG on future decisions relating to UKSPF and other Levelling Up opportunities in line with the timeline for the next Spending Review.

Recommendation 2: The UK Government should ensure that the next round of SPF funding takes account of the population size of deprived areas in Wales.

The terms for any future iteration of the UKSPF will be guided by the development of the UKG's next Spending Review.

The Committee should also note that the current UKSPF allocation methodology was tailored for Wales using Welsh-specific datasets including the Welsh Index of Multiple Deprivation (WIMD). Population and deprivation indices were accounted for when funding was allocated. The methodology for allocating UKSPF funding is underpinned by the recognition that there are pockets of deprivation across all parts of Wales and therefore balances population size and levels of deprivation to ensure all areas receive an appropriate level of funding.

Recommendation 3: The UK Government should consider how the Welsh Government could aid in the delivery and design of the next round of the Shared Prosperity Fund.

As we have laid out above, the terms for any future iteration of the UKSPF will be guided by the development of the UKG's next Spending Review. The UKG will engage with WG on future decisions relating to UKSPF and other Levelling Up opportunities in line with the timeline for the next Spending Review.

Recommendation 4: The Welsh and UK governments should undertake a review of whether the different elements of the Shared Prosperity Fund should be delivered at local, regional or all-Wales level, based on what works best.

DLUHC has published details of the [Evaluation Strategy](#) which underpins the delivery of the UKSPF. As the UKSPF is a centrally designed fund with delegated delivery, evaluation activity will take place across three spatial tiers: programme level (focusing on the UKSPF as a whole), place level (focusing on the UKSPF within individual Lead Local Authorities) and intervention level (focusing on specific Intervention Types across a range of places).

Once the evaluation has been undertaken, DLUHC will publish a report setting out lessons learned, along with evidence and recommendations applicable to the wider regional development landscape. The evaluation will take into account the various UKSPF delivery models.

The delegated delivery model for the UKSPF means that local leaders in Wales have been given the autonomy to decide how best to prioritise funding and determine the best mix of UKSPF interventions to support their communities. This includes considering whether such interventions are delivered at a local, sub-regional or regional basis. The flexible design of the UKSPF means that regions also have the autonomy to work collaboratively where there are opportunities for doing so. Local leaders have put in place delivery models most relevant to their regions and the needs of their local communities – this will be considered as part of the UKSPF evaluation.

Feedback on the flexibility and reduced bureaucracy provided by the UKSPF has been positive from local partners across Wales.

Recommendation 5: The UK Government should evaluate the regional approach to delivering the Shared Prosperity Fund in Wales. This should consider how the approach of local authorities making individual decisions within a regional framework meets the needs of organisations seeking funding, and also whether this approach places a greater burden in monitoring and evaluation than single local authorities in England face.

The regional governance model which underpins the delivery of the UKSPF in Wales was considered during early engagement with the WG and local government partners. The approach reflected on the collaborative working and strategic regional planning already taking place through the four City and Growth Deals. Local authorities have been working jointly across their regions to plan and take decisions on how best to allocate the UKSPF funding in line with the priorities set out in their regional investment plans.

Local partners across the whole of the UK are expected to meet the same monitoring, reporting and performance management arrangements, with formal reporting only required on a 6 monthly basis. Participation in evaluation activity is not compulsory for Lead Local Authorities (LLAs) to receive funding however they are expected to assist DLUHC where necessary with the local level aspects of the UKSPF evaluation. Local authorities have been fully supported in meeting the delivery requirements of the UKSPF with the flexibility to use

4% of their allocation for the administration of the fund. In Wales this equates to approximately £23m.

Recommendation 6: The UK Government, working with the Welsh Government, should establish a Wales-wide body to support regional co-ordination in delivering the Shared Prosperity Fund.

The UKSPF operates a delegated delivery model with local partners providing a central role in leading the delivery of the fund and in taking decisions on how funding is prioritised and allocated within their communities. A separate Wales-wide body would add unnecessary complexity to this model and would risk Wales returning to a position where local growth funding is highly centralised within government (or within government-funded bodies) and fails to reach the communities and local partners in need of support.

The governance model which underpins the delivery of the UKSPF is coterminous with the geographies of both the four City and Growth Deals and Corporate Joint Committees (CJCs), principally to allow the fund to capitalise on the benefits of established regional working by local authority partners in Wales. Local partners have emphasised the strength and maturity of regional governance and delivery arrangements in Wales along with the benefits of allocative funding arrangements that augment this way of working.

Recommendation 7: The UK Government should prioritise working with local authorities to ensure that interventions funded and delivered through the Shared Prosperity Fund do not duplicate those already in place. The UK Government should include the Welsh Government in this work.

Local leaders in Wales have been given the autonomy to decide how best to prioritise funding and determine the best mix of the UKSPF interventions in responding flexibly to local needs and priorities. Local authorities have been asked to consider how support via the UKSPF can build on existing local and national provision - including those delivered by the WG - to maximise the impact on people, business and communities. We believe local authorities are best placed to identify where there are opportunities and gaps in provision and to use UKSPF flexibly to deliver support to these areas.

There is an expectation for LLAs to invite WG officials to attend local partnership groups and this is set out in the UKSPF Prospectus. Local authorities have also been encouraged to share information on their delivery plans with WG to minimise the risk of duplication and to support WG in the planning of their programmes.

Recommendation 8: The UK Government should agree a longer funding period for the Shared Prosperity Fund funding rounds after 2025. This agreement should be made with input from the Welsh Government and should build in sufficient time for funders, and those involved in projects, to plan and deliver programmes and projects that deliver maximum benefits.

The current funding period for the UKSPF mirrors the UKG's Spending Review period through to the 2024-25 financial year. Local authorities in Wales, with the support of UKG officials are making significant progress in delivering the fund. We will continue to work with local partners in Wales, including the WG, the Welsh Local Government Association (WLGA) and local authorities, to gather feedback on their experiences and perspectives to inform the design on future funds.

Recommendation 9: The UK Government should ensure that its evaluation of the Shared Prosperity Fund has sufficient focus on the experience of Wales-based organisations, and that it undertakes and publishes a lessons-learnt exercise as part of its evaluation strategy.

DLUHC has published an Evaluation Strategy for the UKSPF. The evaluation focuses on building the evidence base on interventions which work, and understanding the processes and context in which they work. Across all evaluation activities we will take account of how the UKSPF is being delivered differently across the UK and the evaluation design includes three sizeable place-based case studies from Wales – as set out in the evaluation strategy.

Recommendation 10: Given the concerns raised by some organisations that local authorities in some parts of Wales are prioritising their own projects for SPF funding, the UK Government should look into this further and take any action necessary to ensure that all organisations are given a chance to benefit from this funding.

It is for local authorities and their partners to decide on the best mix of initiatives for their local areas informed by engagement with their local partnership groups and the priorities set out in their UKSPF regional investment plans. Several local authorities have operated a series of open calls to allow a range of organisations the opportunity to put forward their ideas and access UKSPF funding. It is important to stress that the UKSPF is a successor and not a direct replacement for previous EU Structural Funds and that the delivery model and objectives are different. The delegated delivery model means local partners are placing a greater emphasis on the strategic fit of project ideas to local needs and to the priorities as set out in their regional investment plans. This means that there is no guarantee that organisations who were recipients of EU Structural Funds will receive funding through the UKSPF, particularly if they do not adapt to the new funding landscape and fail to ensure project submissions are aligned with local needs.

Recommendation 11: The UK Government should review its approach to guidance on the Shared Prosperity Fund to ensure maximum clarity for local authorities, taking into account that Welsh local authorities will have less experience of working directly with it than English authorities.

Since the launch of the UKSPF, UKG has provided written guidance and additional information on how the fund should be administered by partners across the UK, all of which can be accessed on [gov.uk](https://www.gov.uk). All guidance reflects the delegated delivery model which underpins the UKSPF, meaning it intentionally moves away from placing overly bureaucratic and prescriptive expectations on local partners. The emphasis instead is on empowering local

authorities to take balanced decisions on how the fund should be delivered at a local level and tailoring investments to local needs.

It is recognised that local authorities in Wales have less experience of working directly with parts of UKG however the arrangements for delivering the UKSPF are new to all parts of the UK, whether relationships existed before or not. A dedicated Wales Area Team has been in place within DLUHC for over two years with the aim of supporting local authorities to navigate the new funding landscape and maximise the funding opportunities on offer. The team meets regularly with all LAs and the WLGA to support them in adapting to the delegated approach of UKG funds.

Recommendation 12: The UK and Welsh Governments should consider revisiting requirements around additionality for any future economic development funding streams.

DLUHC will continue to monitor the delivery of its funding in Wales in line with the governance and reporting arrangements set out for local partners. Our evaluation strategies will seek to understand the impact of various funding streams and to consider how UKG support is enabling local authorities to build on their core services in responding to the needs of their communities.

Recommendation 13: The UK Government and Welsh Government should communicate how they are engaging and working together to maximise Wales's share of research and innovation spending outside London and south east England.

Through the Levelling Up White Paper (LUWP) the UKG set out the mission to increase domestic public investment in R&D outside the Greater South East by at least 40% by 2030, and over this Spending Review by at least one-third. DLUHC, Department for Science, Innovation & Technology (DSIT) and the Office of the Secretary of State for Wales (OSSW) are in regular contact on this point and are continuing to work together to understand how the UKG can best support R&D in Wales. The UKG continues to engage regularly with universities and partners in Wales to make them aware of any funding opportunities to safeguard and promote the R&D sector in Wales.

Biannual meetings between UK science ministers provide a forum to discuss science, research, and innovation policy across UK and devolved governments, support close working relations, and pursue mutually beneficial outcomes. DSIT and OSSW officials meet regularly with counterparts in WG to discuss R&D and innovation, including monthly meetings of a UK Funders Forum chaired by DSIT and with representatives from devolved governments and national funding bodies. UK Research and Innovation (UKRI), the Research Councils, and Innovate UK are increasing their Wales-specific engagement to better understand how to support R&D capacity and capability in Wales. For example, the Engineering and Physical Sciences Research Council and Innovate UK have both signed Memoranda of Understanding with WG to enable more effective joint working.

Recommendation 14: The UK Government and Welsh Government should commit to the 6-way meeting with the Universities, their governing bodies, UCU Cymru and HEFCW, to discuss bridging funding for the scientists and related staff who will lose their jobs this year as a result of withdrawal of structural funds, as proposed by Wales TUC and UCU Cymru.

The UKG has engaged with relevant partners on the matter of the transition from EU funding regimes to post EU-funding and has provided evidence to the Welsh Affairs Select Committee. The Secretary of State for Wales has undertaken considerable engagement with the Higher Education sector and recently visited all eight universities in the past year and with several innovative businesses in Wales. He also hosted an event in collaboration with the Wales Innovation Network at Lancaster House in London on 17 October showcasing Wales' R&D strengths to senior Whitehall and UKRI representatives.

The Secretary of State for Wales also meets with the Chair of Universities Wales to discuss the sector and how the UKG can best offer support. Likewise, his officials are in regular contact with the Vice Chancellors of Welsh universities.

DLUHC, DSIT and OSSW will continue to work across a range of partners to ensure Wales is best placed to benefit from future funding opportunities as they come forward and to safeguard and promote the R&D sector in Wales. We will consider requests for meetings from relevant partners on a case-by-case basis as part of our regular and extensive engagement with key stakeholders in Wales.

Recommendation 15: The UK Government should work collaboratively with the Welsh Government to develop a longer-term plan to safeguard research and innovation in the Welsh Higher Education sector.

The UKG is creating an extensive funding landscape to support the R&D sector in Wales, including through the UKSPF, UKRI and other interventions and investments including:

- £22.2m for Media.Cymru and £25m of investment into South Wales' world-leading compound semiconductor cluster as part of the UK Government's Strength in Places Fund.
- £118.2 million awarded to 153 Welsh R&D projects through the Industrial Strategy Challenge Fund
- £9.1 million in funding awarded to 2 Welsh R&D projects through the EPSRC's place-based Impact Accelerator Accounts competition.
- £11.5 million provided to the WG to distribute to Welsh universities in the last financial year.
- £3.4 million provided to the WG to support local and regional economies through the UK Government's Regional Innovation Fund
- Access to the new bespoke agreement to join the EU's Horizon scheme, meaning UK scientists will have access to the world's largest research collaboration programme.
- At last year's Autumn Statement, the Chancellor announced a commitment to at least one Investment Zone in Wales. Negotiations with the WG are currently ongoing and we look forward to sharing details of these with you shortly.

The UKG stands ready to support universities to transition to new funding regimes and to access funding opportunities through bodies such as UKRI. Although there is still work to be done to ensure Welsh businesses and universities are more competitive in their ability to access funding opportunities, Wales saw an increase in UKRI spend between the 2019-20 and 2020-21 financial years, indicating that capacity is already improving within the R&D community in Wales. At present over 350 UKRI projects with a combined value of over £365 million are led by award holders in Wales.

The UKG is ready to engage with the WG to develop a better understanding of how WG investment in the Higher Education sector could compliment and support the UKG's vision to safeguard and promote the sector in Wales. Universities in Wales have consistently expressed concerns that the WG does not invest an equal amount in Welsh universities when compared with universities in England, and the UKG would welcome clarification from the WG on this point.

Recommendation 16: The UK Government should consider Welsh local authorities' concerns around some of the requirements for Multiply funding, and take any actions which would ensure best value for money committed on this project. This could include allowing additional time for local authorities to spend their allocation.

DLUHC officials regularly discuss Multiply with local authorities and are working closely with them and the WLGA to support the important area of adult numeracy skills. Local authorities have been provided with the flexibility to reallocate Multiply funding to support wider interventions under the People and Skills priority following a decision made by the UKG earlier this year. This decision was welcomed and supported by local authorities in Wales.

DLUHC will continue to support local authorities to maximise the impact of their Multiply allocations in delivering improvements to adult numeracy in Wales. It remains that all interventions under the UKSPF and Multiply should end by March 2025, and DLUHC will continue to work with local partners in Wales to maximise the delivery and impact of Multiply funding.

Recommendation 17: Given that the multiply programme operates in a devolved space, the UK Government should involve Welsh Government in the development of any successor programme.

The terms for any future iteration or successor to Multiply will be guided by the development of the UKG's next Spending Review. The UKG will engage with WG on future decisions relating to the UKSPF (including Multiply) and other Levelling Up opportunities in line with the timeline for the next Spending Review.

Recommendation 18: Given the concerns raised by local authorities, the UK Government should consider whether any successor fund to Multiply should also focus on literacy and digital skills to maximise impact to those who would benefit most

from the scheme. The Welsh Government should be consulted as part of these considerations.

The UKSPF is primarily focused on promoting economic development, reducing inequalities, and supporting local growth across the UK. We know that numeracy is universally important for an individual's life chances. People who have good levels of numeracy skills are more likely to be in employment and have higher wages, subsequently benefiting from improved levels of wellbeing. Businesses that develop their employees' numeracy skills can boost productivity, increase profits, and improve employee retention.

The UKG is keen to see adult numeracy improved across Wales and the UK as a whole and Multiply was designed to support this aim. Digital and literacy skills can be supported under the People and Skills investment priority of UKSPF.

As per the response to Recommendation 17, the terms for any future iteration or successor to Multiply will be guided by the development of the UKG's next Spending Review.

Recommendation 19: The UK government should work with Welsh Government and local authorities and colleges to identify and address any incidences of duplication resulting from the Multiply programme.

Multiply is intended to complement existing WG provision in a way that empowers local partners to take action to address the underlying numeracy skills needed within their communities. As with other aspects of the UKSPF delivery, local partners are expected to have regard to the overarching strategies and policies, including those implemented by the WG, to ensure maximum impact of their Multiply allocation and to reduce the potential for duplication. Local authorities are expected to use the flexibility provided to them to adapt the delivery of Multiply in response to their local needs.

Recommendation 20: If the Levelling Up Fund continues after 2025, it should not be delivered through competitive bidding, and funding should be allocated to those areas in greatest need.

The UKG has committed over £1bn of local growth funding in Wales since the start of the current Spending Review as part of the UKG's ambition to Level Up the whole of the UK. This has been delivered through a mixture of competitive and allocative funding opportunities with each approach having certain merits. The competitive approach to the LUF has so far benefited Wales, with over 8.6% of funding being awarded to local authorities in Wales over the first two rounds (significantly higher than would have been received through a Barnett consequential and the highest per capita investment of any nation of region across the UK).

In his speech to the Local Government Association (LGA) conference in July 2023, the Secretary of State for Levelling Up, Housing and Communities outlined the UKG's new funding simplification plan, setting out proposed changes to how UKG provides local growth funding to local authorities across the UK. From next year, all UKG departments will need to consider whether they can use an allocative model to distribute funds rather than launching a new competition. This approach was demonstrated through the UKG's recent

announcement of £1.1bn worth of funding to 55 towns across the UK – 4 of which are in Wales - using an allocative model to support an endowment-style fund to deliver long term change within these towns.

Recommendation 21: If the Levelling Up Fund continues after March 2025, or is streamlined into a wider fund, the Welsh Government should have a greater role in its development and agreeing how it is administered.

Future Levelling Up funding opportunities will be guided by the simplification plan set out by the Secretary of State for Levelling Up, Housing and Communities earlier this year. DLUHC will continue to engage with WG and local partners in line with the timelines for the next Spending Review as this will inform funding opportunities beyond March 2025.

Recommendation 22: The UK Government should provide clarity on when Round 3 of the Levelling Up Fund will open as soon as possible.

The third round of the LUF will provide further investment in vital infrastructure projects across the UK, with up to £1bn remaining to create more jobs and boost economic growth in communities. UKG Ministers have reflected on the feedback received from local authorities following the first two rounds of the LUF to help inform the design of any future rounds, and in July the Secretary of State for Levelling Up, Housing and Communities confirmed that round 3 of the LUF will take a new approach and further details of this will be shared with local authorities shortly. On Monday 16th October, the Secretary of State for Levelling Up, Housing and Communities announced that LUF round 3 will be brought forward in advance of the Autumn Statement.

Recommendation 23: The UK Government should continue to operate a separate, but reformed, Shared Prosperity Fund after the current fund ends in March 2025.

As per the response to previous recommendations, the terms for any future iteration or successor to the UKSPF will be guided by the development of the UKG's next Spending Review. The UKG will engage with WG and local partners on future decisions relating to the UKSPF (including Multiply) and other Levelling Up opportunities in line with the timeline for the next Spending Review.

Recommendation 24: The UK Government should clarify its intentions for the Levelling Up Fund and Shared Prosperity Fund post-2025 as soon as possible.

As per the response to previous recommendations, the terms for any future Levelling Up funding opportunities beyond March 2025 will be guided by the timelines for the next Spending Review. DLUHC officials are in regular contact with local authorities in Wales and the WLGA on this matter and will continue to draw on the experiences and perspectives of local partners in Wales in guiding how any future funding should be designed, distributed and delivered.

Welsh Government response to recommendations from the Economy, Trade and Rural Affairs Committee's Report: Post-EU Regional Development Funding

The Welsh Government welcomes the Economy, Trade and Rural Affairs Committee's report on Post-EU Regional Development Funding, and we share the Committee's concerns. We believe the UK Government's approach is costing Wales jobs and growth and is a deliberate and unacceptable encroachment into a devolved policy area using the Internal Market Act (IMA) financial assistance powers.

Funding for devolved functions should come to the Welsh Government for Welsh Ministers to allocate in line with its priorities, strategic direction, and budgetary processes and be subject to the scrutiny of the Senedd. This will help avoid duplication of services, blurred accountability, poor value for money, sector funding gaps and an incoherent funding landscape where small amounts of money are spread thinly on short-term, localised projects.

We are pleased the ETRA Committee has acknowledged many of the points we have been making to the UK Government and others about its approach to post-EU funds for several years.

Other committees, including the UK Parliament's Levelling Up and Housing Committee, also agree with our view that the UK Government's approach to the "levelling up" agenda has been chaotic, has undermined devolution, and will not deliver the meaningful transformative change Wales and the rest of the UK need to see.

The Shared Prosperity Fund has vastly less funding available than the EU programmes it claims to replace. The [shortfall to Wales amounts to £1.1 billion](#) compared to EU structural and rural funds.

Many of the problems we see in the UK Government's management of the Shared Prosperity Fund are a direct result of the imposition of this fund on Wales without meaningful partnership with the Welsh Government and with little regard for the distinct needs of Welsh stakeholders. This is also true in their management of the competitive Levelling Up Fund.

These funds have also been beset by UK Government delays. For example, despite the Shared Prosperity Fund's launch in April 2022, funding for the financial year 2022/23 was only released to local authorities in January 2023. Furthermore, SPF project activity will need to cease by December 2024 so that all spending is completed by 31 March 2025; therefore, despite being a three-year scheme, the SPF will only support around 18 months of project delivery.

The UK Government is also yet to announce arrangements for the third and final round of the Levelling Up Fund, despite the need to spend money in a very short timeframe. Five local authorities in Wales (Flintshire, Merthyr Tydfil, Monmouthshire, Newport and the Vale of Glamorgan) are yet to receive any funding from the first two rounds.

The UK Government's chaotic implementation and delays have put local authorities under extreme pressure, forcing them to support short-term, sub-optimal projects that will have limited economic impact. They are also dealing with the fallout from other sectors seeking replacement EU funding from a vastly reduced and less accessible pot.

Another consequence of the UK Government's actions is that a confused and fragmented funding landscape for organisations and individuals is being created, with some opportunities only available in certain areas.

We understand the problems with these funds are creating an extremely challenging situation for many organisations in Wales. Many sectors of the Welsh economy are now reporting redundancies and the closure of vital programmes in areas such as research and innovation, skills and support for vulnerable people.

These scenarios would have been avoided if the UK Government had respected the work undertaken in Wales over recent years and allowed us to manage full replacement funding through our *Framework for Regional Investment*, which was developed with local government, higher education, further education, businesses, other public and third sectors and the OECD, and subject to a full public consultation.

We also welcome the Committee's concerns about Multiply, the UK adult numeracy scheme.

Adult numeracy is devolved to Wales. Multiply operates in direct competition with Adult Community Learning provision, which is already available in Wales. It also risks duplication with our well-established Essential Skills Wales programme.

This means learners in Wales are being faced with a confused and complicated range of options, while local authorities are reporting the lack of flexibility in delivering Multiply and difficulty in spending their funding allocations.

Furthermore, while the UK Government is top-slicing the Shared Prosperity Fund to support its own UK-wide Multiply scheme it is denying the Welsh Government the ability to fund previous EU funded critical pan-Wales business, innovation and skills programmes.

We accept all the Committee's recommendations directed towards the Welsh Government. Regarding the Committee's recommendations which are directed towards the UK Government, we are grateful to the Committee for its ongoing support and for raising them.

The Welsh Government will be very keen to see the UK Government's response to the recommendations, especially considering the pressures on local authorities, other sectors of the economy, and public finances.

In line with our devolution settlement, any post-EU regional development funds must also be returned to the Welsh Government so we can achieve, working with our partners, better outcomes and value for money and create a stronger, fairer and greener Wales.

Recommendation 1. Before any future post-EU regional development funding round is announced the UK Government and the Welsh Government should attempt to agree a common position on the timing of its rollout and quantum of funding.

Response: This recommendation is directed towards the UK Government and the Welsh Government. The Welsh Government accepts its part in the recommendation.

Regional Economic Development is a devolved policy area.

As it stands, the UK Government approach for the Shared Prosperity Fund has taken devolved powers away from the Welsh Government and leaves Wales more than £1.1 billion short compared to EU structural and rural funds. This demonstrates a clear failure of the UK Government to deliver its Manifesto pledge to replace EU funds in full and is creating huge challenges for the Welsh economy. We will continue to press for Wales to receive full replacement funding.

The Welsh Government's position is also clear that funding for devolved functions should come to the Welsh Government for Ministers to allocate in line with its priorities, strategic direction, timescales and budgetary processes, and be subject to the scrutiny of the Senedd.

Financial implications: there are no direct financial implications related to this recommendation. If the UK Government persists with the existing UK Shared Prosperity Fund model, it is likely that organisations/schemes which previously benefitted under EU structural funds will continue to face difficulties and are likely to approach the Welsh Government for funding support.

Recommendation 2. The UK Government should ensure that the next round of SPF funding takes account of the population size of deprived areas in Wales.

Response: N/A for the Welsh Government

Financial implications: N/A

Recommendation 3. The UK Government should consider how the Welsh Government could aid in the delivery and design of the next round of the Shared Prosperity Fund.

Response: Although this recommendation is for the UK Government, the Welsh Government is referenced.

The future UK political and funding landscape is unclear; however, the Welsh Government's position is this is a devolved matter and so any post-EU regional development funding should come to the Welsh Government for Welsh Ministers to allocate in line with its priorities, strategic direction, budgetary processes and be subject to the scrutiny of the Senedd.

Financial implications: N/A

Recommendation 4. The Welsh and UK governments should undertake a review of whether the different elements of the Shared Prosperity Fund should be delivered at local, regional or all-Wales level, based on what works best.

Response: This recommendation is directed towards the UK Government and the Welsh Government. The Welsh Government accepts its part in the recommendation.

The Welsh Government has been denied any role in the design or delivery of the Shared Prosperity Fund, and we urge the UK Government to reconsider its approach and return this funding to the Welsh Government so value for money and better economic outcomes are achieved.

Clearly, the UK Government's current design, allocations and timescales for delivery is setting back regional and national approaches to economic development in Wales.

For example, individual local authorities have opened SPF funding rounds at different times and with different arrangements, assessment criteria and decision-making timescales. This approach leaves very little opportunity for effective Wales wide, regional or cross-border projects due to their scale, complexity, the short time scales and pressure to meet local demands.

The UK Government has also denied the Welsh Government any access to the Fund to support pan-Wales programmes like Business Wales, Apprenticeships and our SMART suite of innovation support for business and business/academic collaborations.

In contrast, our [Regional Investment for Wales Framework](#), developed with our Welsh partners, is flexible so we can be creative and ambitious with our goals noting that this would be set in the context of our overall Welsh Government Budget process. Our Framework forms a fundamental part of a place-based approach of our *Economic Action Plan*, with decisions to be taken at the appropriate level of governance and as close to the level of the citizen as possible. It would allow for a more strategic consideration of where investment can best adapt and respond to opportunities, needs and challenges at local, regional, national, UK and international levels, supporting a mix of approaches that can all drive towards a shared vision.

Financial Implications: None. Any additional costs of reviewing the current SPF model will be drawn from existing programme budgets.

Recommendation 5. The UK Government should evaluate the regional approach to delivering the Shared Prosperity Fund in Wales. This should consider how the approach of local authorities making individual decisions within a regional framework meets the needs of organisations seeking funding, and also whether this approach places a greater burden in monitoring and evaluation than single local authorities in England face.

Response: N/A for the Welsh Government

Financial implications: N/A

Recommendation 6. The UK Government, working with the Welsh Government, should establish a Wales-wide body to support regional co-ordination in delivering the Shared Prosperity Fund.

Response: Although this recommendation is for the UK Government, the Welsh Government is referenced.

Wales already has appropriate governance structures and partnerships in place to help deliver investments regionally, including the statutory Corporate Joint Committees and the regional skills partnerships which are operational in each region; both of which receive Welsh Government support to help deliver their objectives.

Financial implications: N/A

Recommendation 7. The UK Government should prioritise working with local authorities to ensure that interventions funded and delivered through the Shared Prosperity Fund do not duplicate those already in place. The UK Government should include the Welsh Government in this work.

Response: Although this recommendation is for the UK Government, the Welsh Government is referenced.

Despite being denied any role in this Fund, the Welsh Government remains committed to our partners in Wales. Welsh Ministers and officials are frequently meeting local government and other sectors of the economy to help ensure duplication of provision is avoided as far as possible, particularly in skills and business support, caused by the UK Government fragmenting the funding landscape for organisations and individuals in Wales.

We are also continuing to hold regular meetings of the Strategic Forum for Regional Investment in Wales, chaired by Huw Irranca-Davies MS, to share information and lessons learned among Welsh partners. Minutes and papers for this Forum are published [here](#).

Financial implications: N/A

Recommendation 8. The UK Government should agree a longer funding period for the Shared Prosperity Fund funding rounds after 2025. This agreement should be made with input from the Welsh Government and should build in sufficient time for funders, and those involved in projects, to plan and deliver programmes and projects that deliver maximum benefits.

Response: Although this recommendation is for the UK Government, the Welsh Government is referenced.

New EU funding programmes, which the Shared Prosperity Fund claims to have replaced, would have begun in January 2021 and would have overlapped the EU funding 2014-2020 programme by around two years to provide business continuity for organisations.

In contrast, the UK Government published its SPF prospectus in April 2022 and only released its annual funding allocation to local authorities in January 2023. Project activity will need to cease by the end of December 2024 so that funding is spent by March 2025. These UK Government delays and short spending timescales, together with a vastly reduced funding pot, are forcing local authorities to support short-term, sub-optimal projects that will have limited economic impact.

We will continue to press the UK Government to enable a multi-annual funding cycle which provides greater planning certainty for organisations to deliver long-term projects that can deliver better outcomes and maximise impact.

Financial implications: N/A

Recommendation 9. The UK Government should ensure that its evaluation of the Shared Prosperity Fund has sufficient focus on the experience of Wales-based organisations, and that it undertakes and publishes a lessons-learnt exercise as part of its evaluation strategy.

Response: N/A for the Welsh Government

Financial implications: N/A

Recommendation 10. Given the concerns raised by some organisations that local authorities in some parts of Wales are prioritising their own projects for SPF funding, the UK Government should look into this further and take any action necessary to ensure that all organisations are given a chance to benefit from this funding.

Response: N/A for the Welsh Government

Financial implications: N/A

Recommendation 11. The UK Government should review its approach to guidance on the Shared Prosperity Fund to ensure maximum clarity for local authorities, taking into account that Welsh local authorities will have less experience of working directly with it than English authorities.

Response: N/A for the Welsh Government

Financial implications: N/A

Recommendation 12. The UK and Welsh Governments should consider revisiting requirements around additionality for any future economic development funding streams.

Response: This recommendation is directed towards the UK Government and the Welsh Government. The Welsh Government accepts its part in the recommendation.

We continue to build on lessons learned and best practice from the EU funding programmes, including issues around additionality and evaluation of impact. We agree it is vital to identify and see measurable outcomes and have informative

evaluation, so investments are maximised for the benefit of our economy and communities.

Financial implications: N/A

Recommendation 13. The UK Government and Welsh Government should communicate how they are engaging and working together to maximise Wales's share of research and innovation spending outside London and south east England.

Response: This recommendation is directed towards the UK Government and the Welsh Government. The Welsh Government accepts its part in the recommendation.

In February this year, the Welsh Government published a new innovation strategy, *Wales Innovates*, which sets out the strategic direction for Research, Development and Innovation stakeholders to focus their resources and efforts. It does this by adopting a cross-government, mission-based approach, centred around education, the economy, health and well-being, and climate and nature.

It also recognised that the Welsh Government is only – and can only be – one part of the innovation landscape in Wales. Many of the levers supporting innovation activity lie with other public bodies, our tertiary education system and in institutions with a pan-UK remit.

Therefore, one of the first actions was for the Welsh Government to seek closer relations with key innovation stakeholders, and especially with Innovate UK, with its commitment to place-based development and the Levelling-up agenda (with its stated mission of increasing R&I spending outside of South-East England).

In April, the Welsh Government and Innovate UK signed a Memorandum of Understanding. This signalled a mutual effort to develop high-quality innovation proposals across a range of stakeholders, sectors and regions, with the overall aim of increasing Wales's share of competitively awarded UK funding.

As a result, a joint Innovate UK-Welsh Government Collaborative Innovation Plan was published in October – the first of its kind with a devolved government – designed to achieve this overall aim. This was accompanied by a Welsh Government Delivery Plan, also published in October, which itemises how the Welsh Government will implement *Wales Innovates*, and measure progress.

Financial implications: None. This work is being met from existing staff resourcing.

Recommendation 14. The UK Government and Welsh Government should commit to the 6-way meeting with the Universities, their governing bodies, UCU Cymru and HEFCW, to discuss bridging funding for the scientists and related staff who will lose their jobs this year as a result of withdrawal of structural funds, as proposed by Wales TUC and UCU Cymru.

Response: This recommendation is directed towards the UK Government and the Welsh Government. The Welsh Government accepts its part in the recommendation.

We understand that the disruption, inflexibility and EU funding not being replaced in full due to the UK Government's approach is creating a very challenging situation for many organisations in Wales, including universities, which have previously benefited from EU funds. Many sectors of the Welsh economy are now reporting redundancies and the closure of vital programmes, including in areas such as research and innovation.

The Welsh Government is unable to plug the financial gaps from the loss of more than £1.1 billion of replacement EU structural and rural funding. Also, having been denied access to this fund, the Welsh Government is already using funds from the last Welsh budget to support pan-Wales schemes like Apprenticeships and Business Wales which are critical for productivity and growth.

The Welsh Government, however, will continue to consider proposals for bridging funding on a case-by-case basis, particularly where its funding can act as a multiplier, levering in additional public or private sector investment.

Financial implications: Any proposals for bridging funding will need to be carefully considered in the context of the existing challenging financial position and in line with policy and budgetary processes. Costs would need to be met from within existing budgets which may result in opportunity costs.

Recommendation 15. The UK Government should work collaboratively with the Welsh Government to develop a longer-term plan to safeguard research and innovation in the Welsh Higher Education sector.

Response: Although this recommendation is for the UK Government, the Welsh Government is referenced.

Safeguarding research and innovation in the Welsh Higher Education sector is a priority for Welsh Government, we would be keen to work with the UK Government to develop a longer-term plan to meet the needs of the sector. We continue to support the sector to access competitive funding opportunities through UK, and European sources such as Horizon Europe.

Financial implications: N/A

Recommendation 16. The UK Government should consider Welsh local authorities' concerns around some of the requirements for Multiply funding and take any actions which would ensure best value for money committed on this project. This could include allowing additional time for local authorities to spend their allocation.

Response: N/A for the Welsh Government

Financial implications: N/A

Recommendations 17 and 18:

- **Given that the Multiply programme operates in a devolved space, the UK Government should involve Welsh Government in the development of any successor programme; and**
- **Given the concerns raised by local authorities, the UK Government should consider whether any successor fund to Multiply should also focus on literacy and digital skills to maximise impact to those who would benefit most from the scheme. The Welsh Government should be consulted as part of these considerations.**

Response: Although this recommendation is for the UK Government, the Welsh Government is referenced.

Skills and adult numeracy are devolved and the people in Wales have not provided a mandate for UK Government policies on this issue.

Despite this, the Welsh Government has been denied any role in Multiply. Multiply operates in direct competition with Adult Community Learning provision, which is already available in Wales. It also risks duplication with our well-established Essential Skills Wales programme.

This means learners in Wales are being faced with a confused and complicated range of options, with local authorities reporting difficulties in spending their allocations due to design and delivery issues, including the lack of flexibility of Multiply to deliver literacy and digital skills.

Decisions on devolved matters, including adult numeracy, should be returned to the Welsh Government to help ensure alignment with devolved policies and help mitigate against waste, poor value for money and poor outcomes for individuals.

Financial implications: N/A

Recommendation 19. The UK Government should work with Welsh Government and local authorities and colleges to identify and address any incidences of duplication resulting from the Multiply programme.

Response: Although this recommendation is for the UK Government, the Welsh Government is referenced.

Welsh Ministers have raised concerns about the design and delivery of Multiply in its current form with the Secretary of State for Levelling Up, Housing and Communities and the Secretary of State for Education.

The Welsh Government provides funding to the Regional Skills Partnerships (RSPs) to drive investment in skills by developing responses based upon local and regional need.

The Welsh Government has asked the RSPs to assess the implementation arrangements for the Multiply programme in each of their regional areas to help avoid duplication with existing schemes.

Financial implications: N/A

Recommendation 20. If the Levelling Up Fund continues after 2025, it should not be delivered through competitive bidding, and funding should be allocated to those areas in greatest need.

Response: N/A for the Welsh Government.

Financial implications: N/A

Recommendation 21. If the Levelling Up Fund continues after March 2025, or is streamlined into a wider fund, the Welsh Government should have a greater role in its development and agreeing how it is administered.

Response: Although this recommendation is for the UK Government, the Welsh Government is referenced.

The competitive Levelling Up Fund is another area where the UK Government is using UK Internal Market Act powers to take spending decisions directly in devolved areas while bypassing the Welsh Government and Senedd.

The Levelling Up Fund replaces the England Town's Fund, for which the Welsh Government received a consequential through Barnett.

Under current arrangements for the Levelling Up Fund, every decision on funding for local Welsh projects has been taken in Whitehall.

The Welsh Government has strongly argued that funding to level up regions across the UK should be based on need, and not through a competitive process.

Furthermore, under our devolution settlement, any post-2025 Levelling Up Fund should be given to Welsh Ministers to allocate in line with its priorities, strategic direction and budgetary processes and be subject to the scrutiny of the Senedd.

Financial implications: N/A

Recommendation 22. The UK Government should provide clarity on when Round 3 of the Levelling Up Fund will open as soon as possible.

Response: N/A for the Welsh Government

Financial implications: N/A

Recommendation 23. The UK Government should continue to operate a separate, but reformed, Shared Prosperity Fund after the current fund ends in March 2025.

Response: N/A for the Welsh Government

Financial implications: N/A

Recommendation 24. The UK Government should clarify its intentions for the Levelling Up Fund and Shared Prosperity Fund post-2025 as soon as possible.

Response: N/A for the Welsh Government

Financial implications: N/A



Llywodraeth Cymru
Welsh Government

Paul Davies MS
Chair
Economy, Trade and Rural Affairs Committee

23 November 2023

Dear Paul,

Thank you for your letter of 26 October.

I am grateful to the Committee for its work on reviewing the impact of cost-of-living pressures on young people and their future education, employment and training opportunities.

Indeed, this issue has also been identified in the Young Person's Guarantee (YPG) – National Conversation work and via sessions held with the YPG-Young Person's Advisory Board. The Welsh Government will continue to do everything within its means to minimise its impact on the young people of Wales.

I attach at Annex A detailed responses to the specific issues the Committee has identified.

Yours sincerely,

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Jeremy Miles MS, Minister for Education and Welsh Language
Jayne Bryant MS, Chair, Children, Young People and Education Committee

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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.

Annex A

Senedd Economy, Trade and Rural Affairs Committee: Cost of living pressures and the Young Person's Guarantee

More support for upfront costs

Recommendation 1: Careers Wales recommended that more needs to be done to address the problem of up-front costs acting as a disincentive to young people accessing employment and training opportunities. The Committee would welcome a Ministerial response on what more Welsh Government can do to address this particular issue of meeting up-front costs.

We are conscious that despite our programmes providing a range of financial support to cover things like travel, food and care costs, as well as increasing the training allowance for Jobs Growth Wales+ (JGW+) (up to £60 - pro rata if a young person attends for less than 30 hours per week) and increasing the Education Maintenance Allowance, the availability of disposable income remains an issue. Indeed, this issue has also been identified in the Young Person's Guarantee (YPG) – National Conversation work and via sessions held with the YPG-Young Person's Advisory Board.

We will continue to explore all the levers available to us, whilst also mindful that as stated in [Managing Welsh Public Money](#) A4.7.4 'Payments in advance should be exceptional, and should only be considered if a good value for money case can be made for them (i.e. that "need" can be demonstrated).

Indeed, the Communities for Work+ can provide funding to programme participants for essential expenditure such as travel costs when attending training, work experience or during the first few weeks of employment. Funding can also be provided for childcare, work clothing and other essential costs to support the individual into employment or training. This funding can be paid in advance but individuals need to provide receipts for expenditure incurred or repayment will be sought.

In terms of wider transport matters, the YPG-Young Person's Advisory Board held a session on 1 November that included a discussion with a representative from Transport for Wales (TfW). One of the issues emerging from the discussion was that young people and their guardians may not be fully aware of the range of concessionary travel available under both TfW and National Rail – as well as their own education institutions. TfW have agreed to explore how to increase awareness and will work with partners including the YPG team to address this. The session also highlighted, amongst other things, the importance of accessibility, safety, availability, frequency, capacity and technology support. TfW will continue to actively engage young people on their lived experiences as work continues on three major metro projects and legislation via the Bus Bill.

Evaluating the Young Person's Guarantee (YPG) – better data

Recommendation 2: Collaboration on data-sharing is vital to evaluate the success of the Young Person's Guarantee (YPG), and the Committee would welcome more information on how Welsh Government is addressing this, and ensuring that data is shared effectively across the partners to inform future delivery of the YPG.

The YPG is currently subject to an ongoing evaluation process that is due to formally report by the end of next year. The evaluation is more complex than most as the YPG is a collection of programmes and many of those programmes are delivered by partners from a range of different settings e.g. School sixth forms, FE Colleges, Universities, Local Authorities, Careers Wales and Working Wales and private organisations, amongst others.

One of the main measurements of the progress of the YPG is the annual Statistical First Release (SFR) figures for 'Young people not in education, employment or training in Wales'. We have a National Indicator that 'at least 90% of 16-24 year olds will be in education, employment, or training by 2050'.

The [latest release](#) of provisional estimates show that 85.8% of 16-24 year olds were in education, employment or training in 2022, up from 83.7% in 2021.

As noted in the Committee meeting, there are a range of data agreements in place between Careers Wales and schools, FE colleges, LAs and training providers, culminating in monthly regional level Youth Engagement and Progression Framework (YEPF) Five Tier (tiers identifying education, employment or training status of 16-19 year olds) Model reports.

The data set for those over 18 and outside those settings is harder to piece together due to the range of destinations and settings available to them, including support from the Department for Work and Pensions who Careers Wales are establishing data sharing agreements.

The annex of the YPG Annual Report set out the [Statistical outputs and datasets relevant to Young Person's Guarantee](#).

The 2022 Plan for Employability and Skills confirms we are examining the delivery of a new single operating model that will include ReAct+, CfW+ and JGW+ and their data collection and sharing elements.

Partnership between Careers Wales and training providers

Recommendation 3: NTFW said that, with regard to the provision of accurate and impartial advice on the range of support and programmes available under the YGP umbrella, the partnership between Careers Wales and training providers needs to be “re-strengthened”. The Committee would welcome you outlining what action you will take to help achieve this.

Careers Wales and our training providers are key members of our main stakeholder boards – both are members of the YPG Stakeholder Advisory Group and the JGW+

Operational Board and these provide a platform to reflect on partnership working and best practice. Separately providers also hold regular meetings with Careers Wales colleagues to help address any issues that may arise between Board meetings. Nominated regional senior manager from Careers Wales are linked to each of the Training Providers and they meet monthly as a minimum to discuss any emerging issues, engagement, communications etc. Training providers are also invited to attend their local careers centres regularly to meet customers and share knowledge with careers staff and to attend events and Jobs Fairs organised by the Working Wales teams.

Both are also members of the regional YEPF/Youth Services meetings.

In addition, the Support Finder is a website resource available on the Careers Wales website that allows customers and partners to search for appropriate programmes across Wales that provide employability and skills support. It is accessible from the Working Wales site (which sits on the Career Wales website).

In FE Colleges, Careers Wales are actively present at Enterprise and Employment Bureau events and in July the YPG team organised a second Knowledge Sharing Event between Bureau staff across Wales and Careers Wales, Inspiring Skills and CfW+, JGW+ and ReAct+ leads. A network has now been established to continue the knowledge sharing on a formal and informal basis.

The Apprenticeship target and retention and completion rates

Recommendation 4: The Committee would welcome more information on what assessment has been made of employers who have stopped offering apprenticeships, and the reasons for that, including the issues raised by Careers Wales around supervision and productivity, and what actions are being taken to address those barriers for employers.

We are developing new statistical methods to add to our understanding of the reasons behind the drop-in success rates. This method would allow us to analyse apprenticeship incomes and more directly examine the link between income and success rates for apprentices. The method is highly experimental, but if it produces results in the near future, we will share the evidence with the committee.

In an addition to this we have been examining using an apprentice's history of free school meal eligibility as an indicator of deprivation, and the link between this and success rates. That work will be published in an article this month (November): Using free school meal history as an indicator of deprivation for apprenticeship and adult learning outcomes.

The apprenticeship programme is augmented by a number of initiatives which support and encourage the take up of apprenticeships, for example, in 2023-24 we have invested £1m for Health and Wellbeing support. Improving the Health and Wellbeing of both staff and learners supports quality delivery and is expected to help increase apprenticeship completion rates. This funding enables learners, staff and organisations to access the required support to deliver successful outcomes.

We are committed to removing barriers to getting an apprenticeship and whilst we have made significant progress to improving access to apprenticeships for disabled learners we need to do more. In Wales there remains too many employers with negative attitudes to employing disabled people and reports of a lack of support for companies considering the employment of persons with disabilities. For disabled apprentices. In financial year 2023/24 we provided £0.4m via the Employer Incentive Scheme to incentivise employers to take on apprentices with disabilities.

There is anecdotal evidence that the requirement for apprentices to undertake Essential Skills Qualifications (ESQs) are hindering achievement, apprentices are predominately required to take essential skills in literacy and numeracy where they don't already have alternative qualifications, such as GCSEs. We have therefore commissioned Estyn to carry out a thematic review of ESQs undertaken by apprentices to understand, amongst other aspects, the benefits of ESQs and their impact on apprentices.

The national apprentice minimum wage rate is sometimes a disincentive. Careers Wales has examples where people are giving up apprenticeships because they can get a job paying twice the apprenticeship minimum wage. A year one apprentice or those under 19 get the Apprentice National Minimum Wage of £5.28; they can earn double that in a non-apprenticeship job role. Apprenticeships therefore can be a hard sell to keep people engaged as people can often earn more in a part-time job than a full-time job.

Low salaries impact on transport costs, we know that jobs with low wages are less attractive when a sizable chunk of the cost are absorbed by travel expenses. Apprentices on the Apprentice National Minimum Wage rate are particularly vulnerable.

We recently responded to the Low Pay Commission on the future of the Apprentice Rate of the National Minimum Wage (NMW). The Welsh Government believes that the Apprentice Rate should be increased and aligned to the current National Minimum Wage 21-22 rate to help incentivise 16–19-year-olds to start an apprenticeship and influence young people when choosing education and employment options. This is particularly important given the pressures arising from the cost-of-living crisis and inflationary pressures.

A higher rate for apprentices would enhance the profile of 'earn while you learn' training opportunities and help apprentices in meeting living costs. In particular, a higher rate would build parity with young learners in full-time education and address child benefit disparity, where families lose child benefit for children who take up apprenticeships. Any perceived productivity differences between younger and older workers needs to be balanced against the longer-term value of the apprenticeship to both the employer and the apprentice.

Furthermore, we are continually working with providers to understand what additional support can be provided to ensure people complete their training. This may include adapting delivery mechanisms so that people achieve sooner or certain elements of the programme are delivered upfront or later to reduce pressure on individuals.

Regarding the social care sector, through the Social Care Fair Work Forum trade unions, employers and the Welsh Government continue to work in social partnership on what steps can be taken to improve terms and conditions for social care workers, with improved opportunities for career progression. This includes the development of a draft Pay and Progression Framework for the social care sector that aims to provide more consistent pay, progression and development opportunities by setting out broad bands of roles within social care, aligned with skills, learning and pay levels. We have shown our commitment to improving pay by investing a further £70 million this financial year to ensure all social care workers continue to get paid at least the Real Living Wage.

We will continue to raise awareness of the programme by promoting the benefits to both employers and learners via a range of marketing and communications activity throughout the year. Apprenticeship Week and the Apprenticeship Awards Cymru provide us with further opportunities to raise the profile of the apprenticeship and promote the key benefits of becoming (and recruiting) an apprentice, showing parity of esteem.

Changes to frameworks and essential skills requirements

Recommendation 5: The Committee would welcome more information on how concerns highlighted around the design and approval process for apprenticeship frameworks, the responsiveness of the process and the involvement of employers in that process, are being addressed.

All apprentices in Wales must follow a Welsh Apprenticeship Framework, a framework sets out a programme of learning, bringing together different qualifications into a grouped offer.

Apprenticeship framework content is shaped and refined by employers and other relevant stakeholders. Apprenticeship frameworks are cyclically reviewed to ensure that the content remains relevant to employers, against often changing industry needs. This is particularly the case for technical subjects such as digital and engineering where industry standards are constantly evolving. Framework reviews are completed by commissioned experts and advisory steering groups; the latter include industry and/or sector bodies, Qualifications Wales, training providers and other relevant stakeholders. The steering group oversees the development of the apprenticeship framework including a public consultation with employers to ensure their needs are met. The steering group will also consider the need for entry requirements. Before any new and revised frameworks are published, they are verified as complying to statutory regulations under the Specification of Apprenticeships Standards in Wales. We are working with Qualifications Wales and other stakeholders to refine the process to make apprenticeship development and approval more efficient.

All qualifications in frameworks are regulated by Qualifications Wales and the Credit and Qualifications Framework for Wales. Qualifications Wales also undertake sector reviews aimed at ensuring qualifications continue to meet industry needs. The development of new qualifications is industry-led, in the instance of the Construction

and Build Environment review, sector representatives contributed to the development of the new qualifications.

CITB has recently surveyed employers to review the impact of these new arrangements on the sector. The outcome of this survey will be taken forward by CITB with Qualifications Wales and other stakeholders to ensure we maintain high levels of quality and competence training that benefits construction employers throughout Wales.

Apprenticeships for plant operatives

Recommendation 6: The Committee has been made aware that a leading civil engineering company in Wales is seeking a revaluation of the Level 3 Apprenticeship Framework given the practical challenges they highlight, and for flexibility in meeting the 51% working time rule in Wales. The Committee would welcome a response from the Minister on these specific points.

The Welsh Government funds both a level 2 and level 3 apprenticeship frameworks in Construction Civil Engineering Plant Operations, consisting of a national vocational qualification and technical certificate in Plant Operations at level 2 and new occupational qualifications at level 3. Following the Qualification Wales sector review of Construction and Built Environment qualifications, which involved broad engagement and consultation with stakeholders and employers, new qualifications and delivery model was introduced. Under this new model, certain skills and competences are now only available within the level 3 qualification, namely 180- and 360-degree diggers, telescopic handlers or forward tipping dumpers. We are working with stakeholders to find a solution to the issue identified by Jones Bros that meets sector needs.

In terms of apprenticeship eligibility, the time spent working in Wales or England determines whether an English or Welsh apprenticeship is followed. Where an employee works for more than 51% of their apprenticeship in Wales, an employee would need to follow a Welsh apprenticeship, similar rules apply in England. The rules were introduced on the back of the apprenticeship levy, where the UK Government's voucher-based system for accessing apprenticeship provision in England prevented Welsh (and Scottish) based learners accessing England based provision. Prior to this change, reciprocal arrangements existed with the UK Government, whereby cross-border learners were funded by government at their nearest or most appropriate learning provider, with an acceptance from both governments that learners may move either way across the border. Officials have been unable to re-introduce similar arrangements since.

Parity of esteem for vocational qualifications and progression pathways

Recommendation 7: Careers Wales accept that more needs to be done to demonstrate, to parents in particular, that it is possible to progress between the apprenticeship levels for a full career pathway, including up to degree apprenticeship level. These concerns are not new, but the Minister's views on how to proactively address this barrier would be welcomed.

We have made a commitment to promote parity of esteem between vocational and academic education routes. We welcome the report from the Vocational Qualifications Review which presented 33 recommendations relating to the future of vocational qualifications. These recommendations cover matters such as the principles and purpose of vocational qualifications and the range and availability of such qualifications through the medium of Welsh and bilingually.

We acknowledge that there is a need to look into how we synergise education, skills and economic policies and strategies across the Welsh Government.

We are in favour of a pragmatic approach to vocational qualifications that meets Wales's needs, respects learner choice and ensures the portability and recognition outside Wales. Starting from scratch or redesigning all existing qualifications would be a very lengthy and expensive process. However, there is added value in adopting a made-for-Wales approach, such as for new qualifications or when qualifications are reviewed to ensure that they remain relevant.

We are working closely with Qualifications Wales to understand the implications of qualification reform and their impact on the market in Wales.

There already exist strong routes between many apprenticeship levels. Following the pilot phase of the implementation of the degree apprenticeship programme, it was found that one in three degree apprentices reported they had previously undertaken an apprenticeship. This number rose to 55 per cent when evaluating the engineering and advanced manufacturing framework. Half of these students carried out their learning with the same employer. This suggests that progression through the levels is becoming established within this framework in particular.

Notwithstanding this, it is recognised that more needs to be done. With this in mind officials are looking to create clearer education and career pathways into higher / degree apprenticeships. Working with industry and stakeholders a number of challenges have been identified for those students who are looking to enter into key priority sectors, such as construction and new emerging skills in the advanced engineering and digital sectors. By working in partnership with the industries of the future, the aim is to create clear pathways that will allow apprentices to progress from level 2 to level 6.

In October 2023, Industry Wales was commissioned to create an apprenticeship pathway for Year 13 School / FE Leavers which leads to a Level 4 Applied Technologies Apprenticeship geared to the needs of the Engineering and Manufacturing sector. This route will allow students, who have good STEM A Levels or BTEC qualifications, to progress directly to a level 4 Higher Apprenticeship. This route will also include level 2 Performing Engineering Operations which is a pre-

requisite for students to work in Industry. Once the level 4 is achieved students will then have the choice to continue in employment or progress seamlessly through to a degree apprenticeship without having to duplicate areas of learning.

This model will be replicated for other key growth sectors by engaging closely and regularly with employers to assess which levels within specific frameworks will be conducive to meaningful progression for both individuals, businesses and public sector organisations. These pathways will be promoted in conjunction with Careers Wales, the Regional Consortia and Welsh Government STEM enrichment programmes such as Engineering Education Scheme Wales and Technocamps to ensure students and their parents and carers understand that these qualifications will lead to highly skilled, highly paid jobs that meet the needs of Industry 4.0.

Addressing barriers relating to benefit payments

Recommendation 8: The Committee would welcome a response from the Minister on what more can be done by both Welsh Government and the Department for Work and Pensions to address barriers to the take-up of programmes offered under the Young Persons Guarantee due to concerns about the impact on household benefit payments.

Welsh Government officials have worked closely with Department for Work and Pensions (DWP) colleagues during the JGW+ programme development and continue to do so to ensure young people who are in receipt of benefits can still access the programme. Officials have worked with DWP to develop systems in order to accurately share information about how many hours young people are engaged on the programme and their linked training allowance. This is then used by DWP to calculate how much (if any) benefits the young person will then be entitled to.

We maintain close working relationships with DWP officials. They attend the quarterly JGW+ Operational Board meetings. Officials also have regular meetings with their DWP counterparts outside of these meetings to share information and address any issues as they may arise.

In addition to working with the DWP, officials have worked with HMRC to ensure JGW+ is on the list of recognised courses that can be accessed by young people without it impacting on the family's ability to claim Child Benefit where applicable. Officials have also worked with HMRC to ensure young people do not pay tax on the training allowance they receive under the programme.

Regional and rural-urban disparities

Recommendation 9: The Committee would welcome a Ministerial response on the work being done to promote greater awareness both of the opportunities to continue learning in Welsh and the high demand from employers for bilingual employees.

The Jobs Growth Wales+ programme recognises the importance of the Welsh Language and the programme specification impressed upon contractors the importance of parity between Welsh and English provision.

During the first few months of operation of the programme it became clear that contractors required additional funding to support Welsh Language provision so the programme was amended to support this. Annex 8 of our programme specification contains the full information on this: [jobs-growth-wales-plus-programme-specification-version-1-3.pdf \(gov.wales\)](#)

The number of posts which require Welsh language skills is increasing, particularly in the public sector and in the health and social care sectors. The success of our [Cymraeg 2050 strategy](#) is also dependent on an increased number of Welsh language practitioners to support the early years and statutory education period.

The role of the Coleg Cymraeg Cenedlaethol has been expanded to provide targeted support for the further education and apprenticeship sectors. The Coleg's ambitious Further Education and Apprenticeship Welsh-medium [Action Plan](#) sets out the actions needed to increase capacity in these sectors and we are investing additional funding to support delivery in priority areas. Work with the Coleg is continuing to identify sectors where new frameworks or additional capacity for Welsh-medium and bilingual apprenticeships should be developed. Additionally, to encourage uptake of Welsh-medium and bilingual apprenticeships we have recently introduced an innovative funding model which applies an uplift for provision which is delivered bilingually.

We are investing additional funding to support Welsh language delivery in the apprenticeships sector. Apprenticeship providers and the Coleg Cymraeg Cenedlaethol are working collaboratively to increase capacity in the sector and this work will need to continue if we are to create more opportunities for young people to learn and train through Welsh. The Commission for Tertiary Education and Research (CTER) will also have specific duties in relation to the Welsh language and will need to work effectively with providers and the Coleg so that more young people can learn through the medium of Welsh and develop their Welsh language skills.

Moreover, Careers Wales facilitate a 'Welsh in the Workplace', national, digital careers fair for Welsh medium secondary schools involving employers who are actively seeking bilingual employees annually. In 2024 it intends to make the digital content from the event available as a digital resource for schools.

It supports bespoke education activity in Welsh medium schools to support employer engagement days to promote the value of Welsh in the workplace. It also recently ran a social media campaign to recruit Welsh speaking employers.

Every school in Wales is offered a 'Bilingual skills in the workplace' group session for all KS3 learners to promote the use of the Welsh language and the demands within the workforce.

There is also a 'Learn Welsh' section on the Careers Wales website which covers courses, benefits of learning the language, Welsh in the workplace and support available for employers.

Recommendation 10: The Committee would welcome the Minister's response on the prioritisation of uplift funding to address the specific regional and rural/urban disparities it has highlighted in access to education, training and employment opportunities across Wales.

Part of the rationale Jobs Growth Wales+ has always been that regardless of circumstances, including rurality, the programme should be accessible for all eligible young people. We deliberately made the process non-competitive so that contractors would not 'cherry pick' the biggest/most lucrative areas leaving some areas lacking provision. Funding is allocated on a regional 'lot' basis depending on population size.

Officials also made sure that at the start of the programme, where more than one provider covered a regional 'lot' they worked together to create collaboration agreements to make sure all areas received equal coverage of provision.

We have robust contract management procedures in place to make sure we can identify issues early and take steps to ensure they are addressed.

Moreover, Communities for Work+ is delivered across all 22 local authority areas, covering both urban and rural communities. It provides intensive employment support and training to those people most disadvantaged in the labour market. Funding allocations are determined using employment and wider deprivation data, including access to services, health and education, taken from the Welsh Index of Multiple Deprivation.

Consistent careers advice from primary level

Recommendation 11: The Committee recommends that Welsh Government provide clear direction to ensure that colleges and schools are working together to help learners progress into employment, including through a service level agreement (SLA) on information sharing and exchange between Further Education and schools, with Careers Wales acting as an 'honest broker' in this regard. The Committee recommends this requirement for an SLA on information sharing and exchange is included in Welsh Government remit letters for Careers Wales and the Commission for Tertiary Education and Research.

We will work with partners, including Careers Wales, Colegau Cymru and the incoming Commission for Tertiary Education and Research to examine how some of the good practice (as mentioned in the Committee meeting) can be mainstreamed.

This will also be informed by pilots that the North Wales Regional Skills Partnership is overseeing. The Ynys Mon Careers pathways Pilot was formed in May 2023 and is a collaboration between Anglesey Secondary Schools, the local authority Education

department, Careers Wales, Grwp Llandrillo Menai and the North Wales Regional Skills Partnership. The main aim of the pilot is to ensure that young people in Anglesey are aware of the different careers paths that are available in the region and ensuring that all organisations are working in a more co-ordinated, smarter way to ensure that learners are progressed into training or employment. Activities include labour market intelligence (LMI) sessions for teachers on career pathways; ensuring that the college and schools work collaboratively on presenting information, advice and guidance to young people on all routes available to them, including apprenticeships.

The Wrexham Raising Aspiration Group has ensured an SLA between schools, Coleg Cambria and Careers Wales to share data on learners to ensure their progression on their pathway from school and into further education. The aim of this group is to increase participation in education, training and employment and raise perceptions, aspirations and confidence in the opportunities available in Wrexham and beyond.

We will also explore how Employment and Enterprise Bureaus might expand their collaboration with schools which as to date included: participation of school pupils at Careers/Job Fairs/days; Sector conferences; joint learning/curriculum projects; CV workshops; mock interview sessions and entrepreneurship awareness sessions.

In one college, each curriculum area has its own employability and entrepreneurship steering group. This steering group consists of schools, industry specialists and bridges education to the world of work. Enabling staff to create collaborative partnership opportunities for learners.

In schools, Careers and Work-Related Experiences are part of the curriculum from 3-16 and Careers Wales helps schools ensure primary and secondary learners receive appropriate information and support. The Welsh Government is currently developing guidance on 14-16 learning in secondary schools which includes a focus on how young people can develop a sense of their own employment, education or training aspirations through personal reflection and careers support and prepare confidently to move to their next steps. There are some strong examples of good practice across Wales of employer, college and school relationships and, in line with the Hefin David MS review and Vocational Qualifications review recommendations, we will look to share these and support these networks as we move forward.

Careers Wales also offer schools access and support to utilise the Education Business Exchange (EBE) online portal which schools can use to search for employers by sector and region to support Careers and Work Related Experience activity in their curriculum. However, while EBE is used internally as a resource by business engagement advisors in Careers Wales, usage by schools since the pandemic has been very limited with schools preferring to engage with careers advisors linked to the school directly for support with employer engagement activity utilising the 'brokerage' role that they offer.

Without significant additional resource it would not be viable for Careers Wales to offer access to the EBE to primary schools. They are not sufficiently resourced to

engage with primary schools to support them and employers to make effective use of the database.

For primary schools Careers Wales offer an annual digital 'Career Discovery Weeks' for primary schools and secondary schools. It also offers access to an extensive library of 1,000+ employer videos – where employers talk about their careers, that can be accessed by young people, teachers and parents HWB. More recently, these have been turned into areas of learning resource packages for teachers linked to the new curriculum.

In terms of the delivery of enterprise education, Big Ideas Wales provides support at primary schools through the Enterprise Troopers, at secondary schools through Role Model workshops and through to our colleges and universities where staff are supported to embed in their teaching through a dedicated Enterprise Champion in each of our institutions.

Awareness of the Employment and Enterprise Bureaus

Recommendation 12: The Committee would welcome a response from the Minister on what work is being done by the Welsh Government to further promote the existence and role of the bureaus, beyond the presence on the Business Wales website.

The immediate customer for the Bureaus are the learners who are based at the Colleges that host the Bureaus. However, some of the Bureaus are exploring widening their presence in the wider community via 'pop up shops'. To that end, it is the responsibility of the Colleges to promote the existence of the Bureaus.

As mentioned in Recommendation 3, in July the YPG team organised a Knowledge Sharing Event between Bureau staff across Wales and the discussion included best practice on promoting and raising awareness of the Bureaus, including the internal branding used. A network has now been established to continue the knowledge sharing on a formal and informal basis.

It should also be noted that the Bureaus have been actively recruiting new staff to support the increase in demand for their services, as well as merging internal departments to ensure that there is seamless support for the learners.

The Bureaus are also key partners for the likes of employers, training providers, Local Authorities and Careers Wales.

As noted, each Bureau is advertised on the Business Wales website and their details form part of an Employer Brochure that is available to employers to inform them about the range of support and services available to them from the Welsh Government and partners. The role of the Enterprise Champions is also highlighted on the Big Ideas Wales website that signposts young people to support available in Further Education colleges should they wish to explore enterprise and business start-up.

Wider links to raise awareness have so far been made with Training Providers, UCAS, DWP, Careers and Working Wales, Inspiring Skills Excellence in Wales and the Regional Skills Partnerships.

Job-coaching as part of transition support for pupils with additional needs

Recommendation 13: It was noted that both Jobs Growth Wales Plus and Communities into Work+ programmes provide support to young people with additional needs, however the Committee would welcome more information from the Minister regarding future plans for job coaching initiatives and for Careers Wales's involvement in them.

We are committed to providing equality of opportunity to all young people. Employment mentoring and training is available to young people with additional needs through our employability programmes. Officials are developing options for how this could be expanded, including how we can mainstream support and job coaching such as that previously provided by European Structural Funds (ESF) projects such as Engage to Change.

This, however, is against a backdrop of the UK Government not fully replacing Wales's previous levels of EU funding and bypassing Welsh Government in delivery of the Shared Prosperity Fund and the most challenging financial situation we have faced since devolution.

Elsewhere, supported shared apprenticeships provide support to young people with additional needs to access and complete an apprenticeship. Employment and learning support is provided through a dedicated job coach and employer placements are sourced to provide on-job experience to enable young people to complete the full apprenticeship framework.

Other Barriers to Education, Training and Employment

Recommendation 14: The Committee would welcome any further information the Ministers for Economy and Education can provide on how the Welsh Government is applying lessons learnt in implementing the Young Person's Guarantee and the Youth Engagement and Progression Framework, to further flex support to address the additional barriers identified by Careers Wales and other witnesses.

The consultation on the refreshed Youth Engagement and Progression Framework in 2021 and the YPG-National Conversation 2022-23 have highlighted the link between poor mental health and NEET rates. Evidence has shown numbers of young people experiencing poor mental health has increased in recent years.

In addition, school attendance levels have not returned to pre-pandemic levels and it is well established that poor attendance patterns are often related to learner mental health or wellbeing issues. There is also anecdotal evidence of young people with more challenging behaviour, following the pandemic.

In 2022 we published new guidance on the Youth Engagement and Progression Framework, which brought the prevention of youth homelessness within the scope of the Framework. The updated Framework recognises the overlap and interdependence of poor emotional mental health and well-being with the risk of becoming or being NEET and the risk of youth homelessness. Under the

Framework, young people with significant barriers to engagement should be allocated a lead worker to provide them with sustained support.

The guidance stresses the implementation of the Framework requires significant stakeholder buy-in and joined-up working and provides an overview of how data-sharing works under the Framework. Earlier this year, Welsh Government officials worked with Careers Wales to develop detailed information for local authorities on data sharing, to develop wider understanding of processes.

On 21 November we issued further guidance, under the Youth Engagement and Progression Framework, on the early identification of young people at risk of becoming NEET or homeless. By identifying young people at an early stage, support can be put in place to keep them on a positive pathway. The guidance will set out a range of risk indicators such as school attendance, school exclusion, behaviour and mental health issues. The early identification guidance has been co-constructed with stakeholders and will be accompanied by a series of case studies.

Furthermore, we are also investing nearly £8m to continue three employment services that help people recovering from physical, mental ill-health and substance misuse into and to remain in work- the Out of Work Service and In-Work Support Service, which are helping people to rebuild their lives, has been extended until 2025.

Following a successful pilot, funding has also been given to extend the 'I Can Work' Individual Placement Support project in North Wales. The service delivers integrated health and employability support to people recovering from mental health into employment, with a particular focus on 16-24 year olds.

We are also investing £18.4m to enable colleges to implement the ALN Act and provide the support necessary for learners with additional learning needs to succeed in their studies and provide professional learning opportunities for staff to develop provision for learners with complex needs. We want to make FE accessible to as many young people as possible, so they can access education without the need to leave their local area. In rare cases where local mainstream provision is not able to meet a young people's complex needs, we secure placements for young people at independent specialist FE establishments.

Vaughan Gething MS
Minister for Economy

26 October 2023

Senedd Economy, Trade and Rural Affairs Committee: Cost of living pressures and the Young Person's Guarantee

Dear Minister

At its meeting on 28 September the Committee discussed cost of living pressures and the Young Person's Guarantee. This was a follow-up to a session held in November 2022. The meeting focused in particular on the impact of cost of living pressures on young people and their future education, employment and training opportunities. Evidence was taken from Careers Wales, the Welsh Local Government Association (Leader of Denbighshire County Council), CollegesWales and the National Training Federation Wales (NTFW).

Annex A to this letter sets out some key findings and points on which we would welcome a response. Following the session I received a letter from a civil engineering company in North Wales which raises some pertinent issues relating to apprenticeship recruitment and retention in the construction sector. I have therefore also attached this correspondence, and Annex A seeks a response on those specific issues.

Given the cross-cutting nature of responsibilities for delivering these key commitments in the Programme for Government, I am also copying this letter to the Minister for Education and Welsh Language for his consideration, and to the Chair of the Senedd's Children, Young People and Education Committee for information.

Kind regards,

Paul Davies

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

CC: Jeremy Miles MS, Minister for Education and Welsh Language

Jayne Bryant MS, Chair, Children, Young People and Education Committee

Impact of cost of living pressures on young people's decisions

Careers Wales shared anecdotal evidence from careers advisers about choices being made by young people as a result of cost of living pressures, including concerns around contributing to overall household income, and parental influence on young people's choices because of how it might affect their parents' access to benefit payments. This is influencing choices young people are making as they are opting to go into low-skilled higher-paid jobs, rather than staying at college or on apprenticeship schemes. The cost and availability of transport remains a significant barrier, along with the cost of food and meeting other up-front costs, with Careers Wales reporting a 'perfect storm' of factors that are leading to young people making short-term decisions which will impact their longer term career prospects.

There was recognition from CollegesWales and the NTFW of positive changes since the Committee looked at this issue a year ago, including increases in further education enrolment and in numbers accessing Jobs Growth Wales Plus. The increase in the Educational Maintenance Allowance and other allowances for learners were welcomed, but it was felt that improvements in some data were still masking problems for students facing financial hardship and pressure to contribute to household income.

For example, CollegesWales described how their deprivation fund is being utilised to prioritise support for students struggling with costs. The NTFW described young people having to leave the family home to ease household costs and 'sofa surfing', while other learners were contributing to household income from their allowances, leaving them with less disposable income. The Welsh Local Government Association (WLGA) representative noted that engaging with the former 'semi-transient' young people was particularly difficult.

More support for upfront costs

While support is provided to young people retrospectively, for example to claim for travel costs, Careers Wales reported that young people are struggling to meet up-front costs due to a lack of disposable income. Another example given was meeting the up-front cost of getting required ID. Careers Wales said it has increased its support fund due to increased demand.

Recommendation 1: Careers Wales recommended that more needs to be done to address the problem of up-front costs acting as a disincentive to young people accessing employment and training opportunities. The Committee would welcome a Ministerial response on what more Welsh Government can do to address this particular issue of meeting up-front costs.

Evaluating the Young Person's Guarantee (YPG) – better data

Careers Wales offered to share data it was collecting on college leavers with the Committee. The need for a better dataset across all delivery partners, including regional data to assess where gaps are and where more support can be best targeted, was a critical issue raised by witnesses.

Recommendation 2: Collaboration on data-sharing is vital to evaluate the success of the Young Person's Guarantee (YPG), and the Committee would welcome more information on how Welsh Government is addressing this, and ensuring that data is shared effectively across the partners to inform future delivery of the YPG.

CollegesWales stressed the challenge with delivering the YPG is providing all young people with accurate and impartial advice about the full range of support and programmes available under the YPG umbrella. They noted this was something picked up in both Dr Hefin David MS's recent report on transitions to employment and Sharron Lusher's independent report of the Vocational Qualifications Review Board.

Recommendation 3: NTFW said that, with regard to the provision of accurate and impartial advice on the range of support and programmes available under the YGP umbrella, the partnership between Careers Wales and training providers needs to be "re-strengthened". The Committee would welcome you outlining what action you will take to help achieve this.

The Apprenticeship target and retention and completion rates

Welsh Government's published learner outcome measures show the completion rate of apprenticeships has fallen from 81 per cent in 2018-19 to 66 per cent in 2021-22. Careers Wales identified a number of reasons for this, including that many young people were giving up apprenticeships to take paid employment that would allow them to earn double the hourly rate they would earn as a year one apprentice, or even to take on seasonal jobs, which the Leader of Denbighshire County Council identified as a particular issue. An Engagement and Progress Coordinator (EPC) in West Wales reports that salary rates in part-time jobs make apprenticeships a "hard sell". Reduction in completion rates will also include some employers who have stopped offering apprenticeships, and **some employers have also advised Careers Wales that it is hard to sustain the right level of supervision for apprenticeships, or that lower productivity within the business is a barrier.**

The work being done by UCAS to promote apprenticeships was cited by Careers Wales as a 'chink of light', as evidence suggests interest being shown from some of the most disadvantaged parts of Wales.

Recommendation 4: The Committee would welcome more information on what assessment has been made of employers who have stopped offering apprenticeships, and the reasons for that, including the issues raised by Careers Wales around supervision and productivity, and what actions are being taken to address those barriers for employers.

Changes to frameworks and essential skills requirements

Concerns about the very low completion rates for care sector apprenticeships were raised, particularly as this is an area of high demand from employers. Careers Wales said action to amend the essential skills requirements had helped with some of the completion rates, but the other challenges around salary rates elsewhere and transport costs still remain. The Committee has also received evidence of changes to formal entry standards and skills requirements being an issue in the construction sector (see in more detail below).

The NTFW said that the process of Welsh Government agreeing new apprenticeship frameworks needs to be quicker and more responsive to employers' needs. **Delays in framework approval were identified as a problem, and the NTFW said it needs an employer-focused team, and rather than extending some existing frameworks there should be more focus on what employers are saying they need, and to publish a new framework.** Providers highlighted the importance of work with Qualifications Wales to adjust the length of stay for courses appropriately in areas such as construction, to help with retention rates.

Recommendation 5: The Committee would welcome more information on how concerns highlighted around the design and approval process for apprenticeship frameworks, the responsiveness of the process and the involvement of employers in that process, are being addressed.

Apprenticeships for plant operatives

The Committee has received correspondence from Jones Bros Ruthin Co Ltd (at Annex B) a leading civil engineering company raising specific concerns about changes to the apprenticeship frameworks for plant operatives. These include a recent decision by Welsh Government to cease funding the Level 2 apprenticeship and transition to a Level 3 apprenticeship framework, which unlike Level 2, includes a requirement to attend 700 hours of classroom-based learning over 3 years whilst being paid wages. While understanding the rationale, the employer says that a 'significant proportion' would struggle with the increased academic demands and this will negatively impact on recruitment numbers. They raise a number of problems with delivering the new framework that demonstrate "the practical implementation of the Level 3 framework appears to have been inadequately considered", and believe that the shift to focus on academic learning could discourage more practical individuals from pursuing civil engineering careers.

The company also highlighted the stipulation that plant operative apprentices must work over 51% of their time in Wales as a barrier. The company is actively pursuing projects in England and Scotland due to a decline of infrastructure investments in Wales, which they say would reduce the number of projects where they could employ apprentices whilst adhering to the 51% rule.

Recommendation 6: The Committee has been made aware that a leading civil engineering company in Wales is seeking a revaluation of the Level 3 Apprenticeship Framework given the practical challenges they highlight, and for flexibility in meeting the 51% working time rule in Wales. The Committee would welcome a response from the Minister on these specific points.

Parity of esteem for vocational qualifications and progression pathways

Careers Wales said that one of the biggest issues they face is demonstrating to parents, rather than young people themselves, that apprenticeships can compare equally to a traditionally academic pathway, with some parents being "quite single-tracked in terms of thinking that if you want to get on, you do A-levels and then you do a degree".

Recommendation 7: Careers Wales accept that more needs to be done to demonstrate, to parents in particular, that it is possible to progress between the apprenticeship levels for a full career pathway, including up to degree apprenticeship level. These concerns are not new, but the Minister's views on how to proactively address this barrier would be welcomed.

Addressing barriers relating to benefit payments

Careers Wales, the WLGA and the NTFW all reported this as an issue. The NTFW acknowledged that the Welsh Government has done some positive marketing this year, but feel **there is an opportunity for the Welsh Government and the Department for Works and Pensions to add to that messaging, to highlight to parents that allowing young people to join a Jobs Growth Wales Plus programme and access increased allowances will not impact their universal credit.**

The NTFW also note that some parents will support the young person to join a Jobs Growth Wales Plus programme, but then discourage them from going into employment due to the impact on their benefits, so a bigger discussion is needed regarding how to address this issue. Working Denbighshire is engaging with parents but said the statistics demonstrate that take-up is still not as high as it could be.

Recommendation 8: The Committee would welcome a response from the Minister on what more can be done by both Welsh Government and the Department for Work and Pensions to address barriers to the take-up of programmes offered under the Young Persons Guarantee due to concerns about the impact on household benefit payments.

Regional and rural-urban disparities

The divide between rural and urban areas of Wales in terms of both provision of apprenticeships and access to them was highlighted by CollegesWales, the NTFW and Careers Wales. In particular, the **lack of available transport options and/or transport costs**, were identified as a major issue for learners in mid and west Wales. This was seen as more of an issue than Welsh language provision, although

Careers Wales also said more can still be done to promote awareness of opportunities to learn in Welsh, and for young people to understand the demand from employers for bilingual employees.

Recommendation 9: The Committee would welcome a Ministerial response on the work being done to promote greater awareness both of the opportunities to continue learning in Welsh and the high demand from employers for bilingual employees.

Prohibitively expensive transport costs mean that some young people are reliant on parents. We were given the example of a 17 year old on an NHS apprenticeship who was wholly dependent on the parent taking them to and from work. In this instance a flexible programme could be offered to the apprentice, but this will not always be the case. CollegesWales also provided a stark example of an apprentice learner in Pembrokeshire, who due to the cost of travel to and from their employer in Milford Haven, had to work for two and a half hours before earning any take home pay. In rural areas some people may need to move to live with other family members to access training or walk long distances. Careers Wales said that schools, colleges, providers and careers advisers were reminding young people of Welsh Government's MyTravelPass scheme for bus and rail, but sometimes getting to a discounted service in the first place was more of a problem for young people.

Careers Wales noted that equality of access is more of a problem with any training programmes in more sparsely populated rural areas. Lack of funding was identified as an issue to address disparities, and the NTFW identified the need for geographical uplifts to funding to help young people with accessing training and jobs, including for those from more deprived backgrounds and with self-declared disabilities. Lisa Mytton from the NTFW also highlighted that Jobs Growth Wales Plus was the only post-16 programme which did not receive the 5% cost of living increase this year.

Recommendation 10: The Committee would welcome the Minister's response on the prioritisation of uplift funding to address the specific regional and rural/urban disparities it has highlighted in access to education, training and employment opportunities across Wales.

Consistent careers advice from primary level

The Welsh Government's 'Young Person's Guarantee national conversation report' found that schools had failed to prepare young people and that careers advice was sporadic and aimed more at those who were more academic. Careers Wales said they were surprised at that feedback, advising that they do work in primary schools to offer intensive support, and have developed some resources to support primary teachers. They emphasised the importance of repeated engagement with young people.

Supporting transition by linking schools with employers

Dr Hefin David's recent work on transitions to employment identified pockets of good practice, but there is a disconnect between schools and employers which is affecting the ability to give young people a full picture of the opportunities available to them. CollegesWales highlighted the initiative

being undertaken in West Wales in relation to linking schools, employers and providers on skills for the offshore wind energy sector. However, there is a need to scale up good practice across Wales.

Careers Wales have access to an employer database which schools currently lack. Colleges have people employed to seek out employers, but schools do not have access to this pool of employers, and rely on an informal network of parents who are employers or have links with employers. There would be mutual benefit for schools offering access to pupils aged 11 to 16, and colleges offering schools better access to employers. Careers Wales advised they have access to an education business exchange database of 10,000 employers which could be developed into a work experience database - they could facilitate a greater link between further education and schools, and would welcome that approach, but would need a directive from the Welsh Government.

Recommendation 11: The Committee recommends that Welsh Government provide clear direction to ensure that colleges and schools are working together to help learners progress into employment, including through a service level agreement (SLA) on information sharing and exchange between Further Education and schools, with Careers Wales acting as an 'honest broker' in this regard. The Committee recommends this requirement for an SLA on information sharing and exchange is included in Welsh Government remit letters for Careers Wales and the Commission for Tertiary Education and Research.

Awareness of the Employment and Enterprise Bureaus

CollegesWales gave some positive headline figures on the success of the bureaus in helping further education students into work placements and with essential skills for employment, but NTFW said more work needed to be done to raise awareness among young people of the existence of the bureaus.

Recommendation 12: The Committee would welcome a response from the Minister on what work is being done by the Welsh Government to further promote the existence and role of the bureaus, beyond the presence on the Business Wales website.

Job-coaching as part of transition support for pupils with additional needs

Careers Wales see a role for themselves in job coaching initiatives such as that offered by the Engage to Change project at Cardiff University for those with additional learning needs, but identified funding as a potential barrier to extending this work, now that project is at an end.

Recommendation 13: It was noted that both Jobs Growth Wales Plus and Communities into Work+ programmes provide support to young people with additional needs, however the Committee would welcome more information from the Minister regarding future plans for job coaching initiatives and for Careers Wales's involvement in them.

Other Barriers to Education, Training and Employment

Careers Wales identified increased absenteeism; problems accessing children educated otherwise than at school; and patchy data-sharing between local authorities as being additional barriers to reaching some young people. They reported concerns about reaching the target numbers of young people in the coming months, beyond the 'peak time' to access them at the start of the academic year.

Careers Wales also raised the difficulties of engaging with young people with behavioural, severe anxiety or other mental health problems, low confidence and low self-esteem, and those who are very isolated and rarely if ever leave the home. It was recognised that Jobs Growth Wales Plus is devised to be flexible to adapt to meet the needs of these hardest-to-help young people, to build up attendance and confidence gradually, to provide 'niche provision' to address specific issues such as debt and budgeting advice, and reaching out to young people in specific settings such as boxing clubs. The opportunity to keep re-engaging with these young people in a 'long game', and the importance of partnership working in the Youth Engagement and Progression Framework was emphasised.

Recommendation 14: The Committee would welcome any further information the Ministers for Economy and Education can provide on how the Welsh Government is applying lessons learnt in implementing the Young Person's Guarantee and the Youth Engagement and Progression Framework, to further flex support to address the additional barriers identified by Careers Wales and other witnesses.

Anthony (Tony) Murphy
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27th September 2023

Mr. Paul Davies MS
Chair of the Economy, Trade and Rural Affairs Committee
Senedd Cymru - Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

Dear Mr. Paul Davies MS,

Subject: Concerns Regarding Changes to Apprenticeship Frameworks for Plant Operatives

I hope this letter finds you well. I am writing to you on behalf of Jones Bros. Ruthin (Civil Engineering) Co. Ltd, a leading civil engineering company based in North Wales. As the Chair of the Economy, Trade and Rural Affairs Committee in the Senedd, we believe you can help us address a pressing issue that has recently emerged in our industry.

Jones Bros has been a prominent figure in the field of civil engineering for several decades, and we have consistently invested in the development and retention of a highly skilled workforce. One of the cornerstones of our approach has been our commitment to apprenticeship schemes, which have played a pivotal role in shaping the careers of numerous individuals and supporting our operations.

Our apprenticeship programs have been integral to our ability to self-deliver many of our projects, as they enable us to grow a workforce of professionally qualified Engineers, Ecologists, Surveyors, Plant Operatives, and other professional support roles. Over the years, we have taken great pride in our training initiatives, including our 4-year Higher Engineer apprenticeship scheme and our Operative training scheme, which was formerly a Level 2 Plant Operative apprenticeship.

We have successfully delivered the Plant Operative Level 2 apprenticeship in-house at our accredited training centre for over a decade. This approach allowed us to train apprentices on various plant equipment within our facilities and according to our timeframes. These apprenticeships have been a crucial part of our strategy and have yielded excellent results.

Jones Bros Ruthin (Civil Engineering) Co Ltd
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Tel: 01824 703661 Email: information@jones-bros.com www.jones-bros.com

Registered in England and Wales: 00983459

Over the last 10 years Jones Bros has recruited more than 308 apprentices with an 87 to 90% completion rate.

One of the key points of concern arises from the recent decision by the Welsh Government to cease funding the Level 2 apprenticeship and transition to a Level 3 apprenticeship framework. While we understand the rationale behind this change, we are confronted with several challenges that need to be addressed.

Under the Level 3 framework, apprentices are required to attend 700 hours of classroom-based learning at college over three years, during which we would need to continue paying their wages. Unlike the Level 2 framework, which had no formal entry standards, the Level 3 apprenticeship expects learners to have a good basic understanding of English and Math. It is recommended that they develop further formal skills in these areas, such as Essential Skills or GCSEs.

Up until this point, our only requirements for prospective plant apprentices have been that they must be at least 18 years old, possess a valid driver's license, and be willing to work away from their place of residence.

The Level 3 apprenticeship does not require specific formal entry criteria. Nevertheless, on the City & Guilds Skills for Wales website, you can find information regarding Construction – Plant Operations Level 3, which outlines the following details:

“There are no formal English and maths entry requirements for these qualifications. But it is expected that learners will have a good basic understanding of English and maths. It is recommended learners develop further formal English and Maths skills, such as Essential Skills or GCSEs to support successful progression with this programme”.

Our experience indicates that a significant proportion of apprentices who successfully completed the Level 2 framework would struggle with the increased academic demands of the Level 3 apprenticeship. Many of these individuals might not even complete the Level 3 due to their difficulties with English and Math. Given our history with such applicants, we believe they would be reluctant to sign up for the Level 3 apprenticeship, making it challenging to maintain our previous recruitment numbers.

Moreover, the Level 3 apprenticeship extends the overall duration by almost a year compared to the Level 2, and the requirement for apprentices to spend over 700 hours in college further complicates our ability to run the program effectively, given the diverse and widespread nature of our projects across the UK.

Furthermore, we would like to highlight that the additional 700 hours of learning required in the Level 3 apprenticeship framework introduces learning objectives that would typically be covered at a much later stage in a civil engineering career, typically as individuals progress into site supervision roles. The standard entry level for personnel on civil engineering project sites is the Site Supervision Safety Training Scheme (SSSTS), followed by advancement to the Site Management Safety Training Scheme (SMSTS). The transition period between completing the Level 2 apprenticeship we had been delivering and entering into site supervision roles is vital. During this period, less academically inclined operatives have the opportunity to gain valuable hands-on experience on construction sites. This practical experience greatly enhances their chances of building a successful and fulfilling career in the civil engineering industry.

We believe that the shift to the Level 3 framework, with its focus on academic learning, could inadvertently discourage individuals who are more practically inclined from pursuing careers in civil engineering. It is

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essential to acknowledge the importance of practical experience in our industry and find a way to strike a balance between academic knowledge and on-the-job skills development.

In the third year of the Level 3 apprenticeship, apprentices must complete a practical project on all four machines within the apprentice framework. Each project requires an assessor to carry out two site visits, resulting in a total of eight visits per apprentice. Currently, we do not possess the necessary resources to handle this workload alongside the number of apprentices we employ.

Another significant challenge is the stipulation that Plant Operative apprentices must work over 51% of their time in Wales. With a decline in infrastructure investments in Wales, we are actively pursuing projects in England and Scotland, which inevitably reduces the number of projects where we can employ apprentices while still adhering to the 51% rule.

Our primary concern is that the practical implementation of the Level 3 framework appears to have been inadequately considered, leaving us with numerous unanswered questions regarding the future of the individuals we have been offering opportunities to for over a decade.

Considering these challenges, we kindly request your support in addressing the following issues:

- Revaluation of the Level 3 Apprenticeship Framework: We urge the Welsh Government to reconsider the move to the Level 3 apprenticeship framework for Plant Operatives considering the practical challenges it presents to employers like Jones Bros.
- Adaptation to Changing Work Opportunities: Given our expanded operations in other parts of the UK, we ask for flexibility in meeting the 51% working time requirement in Wales.

We kindly request your support in addressing these concerns and finding a way to ensure that the apprenticeship framework aligns with the realities of the civil engineering field. Your assistance in advocating for these necessary adjustments will contribute to the continued growth and prosperity of the industry while providing opportunities for individuals from diverse backgrounds to succeed within it.

Thank you for your attention to this matter, and we look forward to your response. If you require any further information or would like to discuss this issue in more detail, please do not hesitate to contact me at anthonym@jones-bros.com or 07768 375714.

Sincerely,



Anthony (Tony) Murphy
Head of HR & Business Management Systems
Jones Bros. Ruthin (Civil Engineering) Co. Ltd

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Lesley Griffiths MS

Minister for Rural Affairs and North Wales, and Trefnydd

26 October 2023

**Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization -
Agreement on Fisheries Subsidies**

Dear Lesley

The Committee is aware that this treaty, with an Explanatory Memorandum, has been laid before the UK Parliament with an initial scrutiny period ending 21 November. The Committee agreed to write to you to seek additional information on:

- your view of the Protocol;
- Welsh Government's engagement with the UK Government during negotiations of its terms;
- what internal arrangements are in place to monitor, observe and implement the Protocol in devolved areas; and
- Welsh Government's assessment of whether any steps, including legislative or practical changes, are needed to ensure Wales is compliant with the Protocol in devolved areas.

I look forward to your response as soon as possible.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

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

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

SeneddEconomy@senedd.wales

21 November 2023

Dear Paul,

Thank you for your letter of 26 October, regarding the Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization (WTO) - Agreement on Fisheries Subsidies (the Agreement).

The WTO Agreement on Fisheries Subsidies has the potential to reduce instances of overfishing and illegal, unreported and unregulated (IUU) fishing globally. Providing the UK Government approaches implementation reasonably and collaboratively, I do not believe the terms of the Agreement will unduly restrict the Welsh Government's ability to support the sea fishing industry in Wales.

UK Government and Welsh Government officials had limited engagement before the Agreement was approved at the WTO Ministerial Conference in June 2022.

The main requirements of the new Agreement are to refrain from providing subsidies to wild catch fishing vessel operators in certain circumstances and enhanced subsidies transparency reporting in line with existing arrangements under the WTO Agreement on Subsidies and Countervailing Measures.

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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.

Back Page 72

From official level discussions, I expect existing financial assistance schemes, control and enforcement monitoring and data sharing procedures can be adapted to implement the Agreement in Wales. Legislation is not anticipated to be necessary. This will, however, remain under review while the practical steps to implement the Agreement across the UK's jurisdictions are developed and discussed with the UK and Devolved Governments.

Your sincerely,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

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

—
**Legislation, Justice and
Constitution Committee**

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Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee

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

John Griffiths MS,
Chair, Local Government and Housing Committee

2 November 2023

Dear all,

Levelling-up and Regeneration Bill

We would like to draw your attention to the correspondence we received on 17 October from the Minister for Climate Change, in response to our report on the Supplementary Legislative Consent Memorandum (Memorandum No. 4) on the Levelling-up and Regeneration Bill.

You may wish, in particular, to be aware of the following paragraph in the Minister's letter, in response to Recommendations 8 and 10 in our report:

"The LUR Bill does not have any direct implications for the duties on the Welsh Government in WFG Act [Well-being of Future Generations (Wales) Act 2015]. It does however result in a potentially confusing policy landscape given we have set out the long term well-being goals for Wales with associated indicators and national milestones looking ahead to 2050. Public bodies have a legal duty under the WFG Act and we would expect them to discharge their legal duties and design

and deliver well-being objectives that contribute to the achievement of Wales' well-being goals."

Yours sincerely,

Huw Irranca-Davies

Huw Irranca-Davies

Chair



Julie James MS,
Minister for Climate Change

2 November 2023

Dear Julie,

Levelling-up and Regeneration Bill

Thank you for your letter of 17 October in response to our report on the Supplementary Legislative Consent Memorandum (Memorandum No. 4) on the Levelling-up and Regeneration Bill.

We have some follow-up questions and these are set out in the Annex to this letter. We would be grateful to receive a response by 22 November 2023. I am copying this letter to the respective Chairs of the Climate Change, Environment and Infrastructure Committee, the Economy, Trade and Rural Affairs Committee and the Local Government and Housing Committee.

Yours sincerely



Huw Irranca-Davies
Chair

Question 1: We would normally expect a Welsh Government response to state whether it accepts or rejects a Committee recommendation. While it is possible to ascertain the Welsh Government's intention with regards to some recommendations, for others it is not. Please can you help us by making clear for the record which recommendations you accept and which ones you do not accept, providing any additional information as necessary.

Question 2: Your response did not directly address recommendation 7. As a result, Members of the Committee raised this on two occasions during the legislative consent debate (RoP paragraphs 346 and 380) but that opportunity was not taken. We would therefore be grateful if you could state whether it is still the Welsh Government's view that Part 1 of the Bill "represents an inappropriate intrusion into the legislative competence of the Senedd".

Question 3: Your collective response covering recommendations 12 and 13 considered the issues in those recommendations in very broad terms. We would be grateful if you would provide a more precise and detailed response, providing the specific information requested in recommendations 12 and 13, in accordance with the deadline set in recommendation 14. We see the relevant issues to be of considerable importance and significance to the Senedd, not least because of the concerns you express in paragraphs 93 to 103 and paragraph 111 of the Supplementary Legislative Consent Memorandum (Memorandum No. 4).

Question 4: We seek your further assistance with recommendation 18, which we do not feel has been adequately answered. We do not feel that any of the legislative consent memoranda provide an appropriate level of detail about the scope of the regulation-making powers being provided to the Welsh Ministers by this Bill being taken through the UK Parliament. We also note that you state in your response to recommendation 18 that more detail is provided in the response to recommendation 22, but this detail is not apparent. We would therefore be grateful if you would provide the information requested to the first bullet point of recommendation 18.

Question 5: In light of your response to recommendation 18, it would be helpful to understand why you have taken powers to make regulations through a UK Bill when you do not yet appear to have considered how you intend to use these powers or when you will use them?

Question 6: In light of your response to recommendation 18, please can you set out when you intend to undertake the engagement you refer to, and therefore be in a position to provide a response to the second and third bullet points of recommendation 18?

Question 7: Recommendation 22 has not in our view been answered adequately, particularly because the various legislative consent memoranda did not track changes in clause numbers as the Bill passed through the UK Parliament. Please can you therefore provide the information requested. The information should be separate from the Explanatory Notes (should the Bill receive Royal Assent)

given that such Notes are unlikely to cover the relationships with existing Welsh legislation (such as the *Well-being of Future Generations (Wales) Act 2015*) and in order to provide open, transparent and accessible information to the Senedd and Welsh stakeholders.

Question 8. During the debate you stated:

*"We had long conversations with UK Government Ministers about how we might protect the position of the Welsh Parliament and of the Welsh Government in terms of having to take into account our issues on it. I'm satisfied that in having to write a report to Parliament that sets out why we have a problem—because that's the only reason why they'd be doing it; if we didn't have a problem, there'd be no such report—they would themselves have to go through a process that made them think about why they weren't able to look at that, and, of course, it does expose that to parliamentary scrutiny. I think we would probably be able to **develop a similar process** here that would enable us to express a view on it. It's not perfect, I completely agree, but it's a great deal better than where we started, and if we don't do this we will have a **gap in our legislation**, which is much worse. I accept it's a compromise." [RoP, paragraph 404, our emphasis]*

Please could you provide more details of:

- the "similar process" you refer to and what that might entail?
- the specific gap in Welsh legislation that is now being filled?

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

10 November 2023

The Habitat Wales Scheme (HWS)

Dear Lesley,

As you are aware, the Habitat Wales Scheme (HWS) is causing heightened and widespread concern amongst stakeholders. Several have contacted the Committee to highlight these concerns, and so although there was some exploration of the issues in Plenary yesterday, I am writing to seek a written response in advance of our scrutiny session with you in December.

Those who are calling on the Committee to investigate this issue include the Soil Association, NFU Cymru, Farmers' Union of Wales, CLA Cymru, Nature Friendly Farming Network, Organic Farmers & Growers, Welsh Lamb & Beef Producers Ltd, Quality Welsh Food Certification Ltd, Welsh Organic Forum, National Trust Cymru and RSPB Cymru.

Correspondence from Andrew Tuddenham at the Soil Association says that farming unions, NGOs and organic control bodies are all reporting that farmers receiving support for nature-friendly and low carbon farming practices through Glastir face cuts in support of 60-95%. They say this could result in the off-wintering of hill stock or the management of hay meadows becoming unviable, for example.

Payment rates and economic impact assessment

You indicated in Plenary on 4 October that the Welsh Government's adverse financial position has constrained the scope of the transitional HWS. However stakeholders are not clear how payment rates had been set whilst the overall budget for the scheme was unconfirmed. Stakeholders also point out that they have seen agri-environment schemes carrying on elsewhere in the UK following the ending of RDP funding, for example Countryside Stewardship scheme in England is still running. Therefore some are questioning why it was necessary to end Glastir and bring in a new transitional



scheme with lower payment rates. It has been suggested that the new transitional scheme could have been an option for new entrants, whilst those with Glastir contracts could have continued under the same system.

Glastir was a whole-farm scheme whereas HWS is based on payment per hectare of eligible habitat patches, with a tapering element by capping the payments. The farming unions raised that those with the most habitat on their farms and therefore the best potential to deliver for nature will be penalised, a sharp change from Glastir. There is concern that this change has been made without consultation and with no modelling of the impact on business viability. Farmers who have moved to sustainable land management practices over many years are now being asked to adjust to a significant drop in income over a 6 month period, which the farming unions say is leaving farmers vulnerable, without adequate time to adjust. They highlight therefore that the HWS is not delivering on all of the Sustainable Land Management objectives of the *Agriculture (Wales) Act 2023*. There is concern this system of payment rates will set a precedent for the Sustainable Farming Scheme (SFS).

It would be helpful if you could provide more explanation of the rationale and methodology used to determine the payment rates, and why no economic impact assessment and modelling, or scheme-specific consultation, was conducted before the HWS was introduced. If there are plans for such modelling and economic impact assessment going forward then it would be useful to receive details of that work.

Take up of the scheme

On 8 November you told Plenary that 1,600 farmers had applied to the scheme, and that 40% of those are not in Glastir currently. Given that there are around 3,000 farmers currently in the Glastir scheme in Wales, how confident are you that numbers accessing the new scheme will reach the same level as under Glastir, and that there will be no dip in sustainable land management practice as a result of uptake? Does the current uptake for HWS raise concerns about future uptake of the SFS?

Stakeholders have also expressed concerns that if there is a drop in HWS scheme participation compared to Glastir, that the budget allocated to what is effectively its replacement could then be lost to the sector. Stakeholders are calling for the budget to be ringfenced for agriculture. In the context of constrained budget allocations, these concerns are valid and it is understandable that the sector is raising them. Stakeholders are aware that we will be undertaking scrutiny of the Welsh Government Draft 2024-25 budget in the New Year, but assurances about monies allocated to the HWS this year would be welcome.

Lack of support for whole-farm organic

There is widespread concern from stakeholders about the HWS not providing support for whole-farm certified organic management. The Soil Association states that many farmers are indicating that they will turn to more intensive practices to maintain their income. To support this, the results of recent

surveys undertaken by a number of organisations have been provided, which I attach, illustrating the expected detrimental impact of the scheme at a farm level from the perspective of some farmers. The views expressed raise the risk of losing organic farmers and those already committed to the Sustainable Land Management principles underpinning the new approach to agricultural support in Wales. That would be a deeply regrettable unintended consequence of the implementation of this transitional scheme.

Problems with mapping

Problems with the mapping methodology have been raised with you in Plenary, and you provided assurances on 24 October that those mapping issues had been 'dealt with'. Stakeholders are concerned that the flaws in the methodology for the HWS could potentially have implications for the SFS if the same methodology is to be used.

It is important that we get this right for farmers, and so I would be grateful if you could set out how you will ensure that any problems and teething issues with the HWS will not be repeated with the design and implementation of the SFS.

Implications for the Sustainable Farming Scheme (SFS)

There is widespread concern amongst stakeholders that the HWS, whilst intended to provide a seamless transition to the SFS, will instead cause serious economic and environmental consequences in Wales, setting back the implementation of the SFS from the outset.

Problems with the HWS are not only a problem for farmers currently in Glastir and committed to best practice in land management, but also risk undermining confidence in the future approach under the SFS, and that farmers entering it will receive fair reward for environmental outcomes.

Although there may be limited time in which to address all of these issues with the current HWS scheme, stakeholders would like assurances that issues will be resolved before the SFS is brought in in 2025.

I look forward to your response to the issues raised.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

Enc: HWS Farm Impacts shareable.xls

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	
Open farm and soil	Leafy Greens & carrots		General livestock, 2 holdings and/or one business, 100ha and 80ha	44.94 Ha (upland)	0.5 Ha (lowland)	17 Ha (upland)	11.88 Ha (upland)	28.34 Ha (upland)	upland meadows, 1,200ha	Central Upland sheep farm 180ha total inc 40ha enclosed	Mixed (lowland & Wales 250ha)	Lowland meadows farm 600ha	Lowland dairy, SW Wales 100ha	Lowland dairy, SW Wales 25ha	Central dairy, SW Wales 72ha	upland sheep	48.0ha						
habitat area (ha)	10.00ha	10.10ha	12.5 (100%) 243ha (actual)	35.88 Ha	19.09 Ha	90 Ha	19 Ha	28.34 Ha	1,000ha	300ha - all SPS, SPA, SAC, SPA	100ha ex post Habitat Wales Scheme	600ha	4.25ha	80ha	0ha								
Woodland area (ha)	0.07ha		25 ha	10 Ha	0.87 Ha	0	0.87 Ha	0.56 Ha		2- reported coastal and nearby if designated. Consider one of the most scenic sites in Wales for its species and geological habitats.	0	20ha included above	0ha										
Current Grants/ Advanced payment	£1,874	£1,945	£19,802	£4,948	£1,874	£10,000	£1,540	N/A	Undeclared	£10,000	£70,000	0	0	0	0	£600 Advanced	£1,117.75	£40,000.00	£40,000.00	£15,000.00	£1,400.00	£13,500.00	
Organic N/A - if an organic payment	0	0	0	Conversion since 1/1/21	0	0	0	N/A	0	£10,000	£110,210	£18,100	£7,100	£14,500	£4,800	0	£1,176.05			£1,395	£14,820		
Total organic payment	£1,874	£1,945	£19,802.0	£4,948.0	£1,874.0	£10,000.0	£1,540.0	N/A	Undeclared	£10,000	£110,210	£18,100	£7,100	£14,500	£4,800	£1,176.05	£40,000.00	£40,000.00	£15,000.00	£1,400.00	£13,500.00		
Habitat Wales Scheme (WGS) payment	£1,112	£1,403	£897.7 (100%) £12,267 (if actual area of habitat)	£1,795.0	£1,112.0	£1,500.0	£1,330.0	£1,900.0	10%	£300 total. Yes this is correct, but if had been in Grants it would be £20,000 approx.	£7,000	£22,000	£293	£607	£454								
WGS payment (if previous value Grant)	27%	30%	77% (if actual area of habitat)	9%	2%	3%	4%	13%	13%	15% (if farm had been in Grants)	1%	7%	4%	1%	0%								
Impact of WGS payment on the overall support received	80% (£4,563) reduction	44% (£2,243) reduction	100% reduction (if actual area of habitat)	95% (£116) reduction	88% (£496.7) reduction	82% (£4500) reduction	76% (£4100) reduction	N/A		Loss of £43,000. Loss of 2 staff members	Minor reduction in support. Downstreaming of hill not viable												
Farmer response	We have limited the amount of habitat land eligible for the scheme. We have provided a breakdown of habitat land to individual habitat holders and we have been working with them to ensure they have the best possible outcome. We have been working with them to ensure they have the best possible outcome. We have been working with them to ensure they have the best possible outcome.	We have limited the amount of habitat land eligible for the scheme. We have provided a breakdown of habitat land to individual habitat holders and we have been working with them to ensure they have the best possible outcome. We have been working with them to ensure they have the best possible outcome.	When calculating the amount of habitat land eligible for the scheme, we have provided a breakdown of habitat land to individual habitat holders and we have been working with them to ensure they have the best possible outcome. We have been working with them to ensure they have the best possible outcome.	With combination of common land reduction in payment this makes upland farming viable	Should consider renting farm out to dry farmer next door	Considering planting white fern in trees	Should be land out as horse berry and scirrus High value wild flower meadow	Not worth the hassle of being in a scheme and being controlled. Current farm is a WGS Hay Flower Meadow Pilot project	The WGS and Grants - heavy reductions in sheep, but led to increased vegetation change. We have been working with them to ensure they have the best possible outcome. We have been working with them to ensure they have the best possible outcome.	We have 25 years worth of aggregated environmental goods that will be lost as we will need to intensify production to try to make up the shortfall. It also means we will have to live with reduced winter sheep numbers, the smaller payments will not pay the cost of overwintering the ewes. Our willpower they have been able to plan for this. We have been able to plan for this. We have been able to plan for this.	We have 25 years worth of aggregated environmental goods that will be lost as we will need to intensify production to try to make up the shortfall. It also means we will have to live with reduced winter sheep numbers, the smaller payments will not pay the cost of overwintering the ewes. Our willpower they have been able to plan for this. We have been able to plan for this.	We have 25 years worth of aggregated environmental goods that will be lost as we will need to intensify production to try to make up the shortfall. It also means we will have to live with reduced winter sheep numbers, the smaller payments will not pay the cost of overwintering the ewes. Our willpower they have been able to plan for this. We have been able to plan for this.	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Y Bwyllgor Cyllid Agenda Item 2.8

Finance Committee

Senedd Cymru

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Chair, Children, Young People, and Education Committee

Chair, Climate Change, Environment, and Infrastructure Committee

Chair, Culture, Communications, Welsh Language, Sport, and International
Relations Committee

Chair, Economy, Trade, and Rural Affairs Committee

Chair, Equality and Social Justice Committee

Chair, Health and Social Care Committee

Chair, Legislation, Justice and Constitution Committee

Chair, Local Government and Housing Committee

14 November 2023

Dear Committee Chairs,

Draft Budget 2024-25

I wrote to you in April, setting out the Finance Committee's pre-budget engagement work. On the 12 July, the Committee held its annual Plenary debate on the Welsh Government's Spending Priorities for the forthcoming Budget, and I am grateful to all that contributed. I am now writing to provide a further update on scrutiny of the Draft Budget 2024-25.

Consultation and timetable

The Finance Committee has issued its pre-budget consultation, on behalf of all Committees, which closes on 30 November. The responses to the consultation will be available on our webpage.

Due to the UK Government's Autumn Statement that will take place on 22 November, the Minister for Finance and Local Government (the Minister) has confirmed that she will publish the outline and detailed Draft Budget together on 19 December. The Minister will appear before the Finance Committee the following day on 20 December for an initial evidence session.

Budget focus

The focus of this year's budget is likely to centre on the impact of the cost of living crisis, inflation and



the transparency of the Welsh Government's financial decisions. In addition, the Finance Committee has identified a number of areas which it would like to see the focus of scrutiny, namely:

- what impact inflationary pressures have had on revenue and capital budgets and how this has changed affordability of previous plans;
- how resources should be targeted to support economic recovery and what sectors in particular need to be prioritised;
- to what extent alleviating climate change should be prioritised in supporting economic recovery;
- how budget allocations support aspirations of the Net Zero Wales plan;
- Welsh Government policies to reduce poverty and the impact of cost of living crisis and gender inequality;
- the approach to preventative spending and how this is represented in resource allocations (preventative spending is defined as spending which focuses on preventing problems and eases future demand on services by intervening early);
- sustainability of public services, innovation and service transformation;
- how evidence is driving Welsh Government priority setting and budget allocations;
- how the Welsh Government should use taxation powers and borrowing;
- support for businesses, economic growth and agriculture post-EU transition;

In addition, the following areas were identified as priorities during the Committee's stakeholder and engagement events during the summer term:

- the need for services to collaborate to meet the challenges facing the NHS and social care sector;
- that local government needs sufficient resources to deal with mounting demands;
- that more support should be provided for those studying and working in the education sector;
- that a focus on community-led solutions and prevention is needed to tackle the root causes of poverty and inequality;
- that there needs to be a move away from ad-hoc funding for the voluntary sector;



- that there should be a focus on turning Wales's potential for green energy into reality.

We hope our engagement work, and forthcoming public consultation, will complement and inform the work of policy Committees and I would encourage you to use some of the areas outlined above as the focus for your budget scrutiny.

If you have any questions about any aspect of the Draft Budget process, please feel free to contact me or the Clerk to the Finance Committee, Owain Roberts, 0300 200 6388, seneddfinance@senedd.wales.

Yours sincerely,



Peredur Owen Griffiths
Chair, Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Agenda Item 2.9



Llywodraeth Cymru
Welsh Government

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

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

SeneddEconomy@senedd.wales

SeneddLJC@assembly.wales

Ein cyf/Our ref: VG-PO-0381-23

16 November 2023

Dear Paul, Huw

I am writing to inform you, in line with the inter-institutional relations agreement, that a meeting of the Inter-Ministerial Group for Trade is scheduled for Monday 20 November 2023.

The agenda will cover the ongoing negotiations with India, UK-United States memorandum of understandings, the upcoming WTO 13th Ministerial Conference (MC-13) and engagement between Wales and the UK Government around negotiations.

I will update you further following the meeting.

Yours sincerely,

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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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.

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy



Llywodraeth Cymru
Welsh Government

Our ref/ein cyf: VG-PO-0388-23

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

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

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SeneddLJC@assembly.wales

17 November 2023

Dear Paul, Huw

Further to my letter of 16 November, I am writing to inform you that the Inter-Ministerial Group (IMG) for Trade which was scheduled for Monday 20 November 2023 has been postponed.

My officials were informed in the late afternoon of Thursday 16 November that due to the UK Government's reshuffle and the existing diary commitments of the new UK Government Minister for Trade, the meeting would need to be re-arranged. I will write to Greg Hands, Minister for Trade, setting out my thoughts on the topics that would have been discussed.

I will write to inform you when the next IMG for Trade is scheduled to be held.

Yours sincerely,

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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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.

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 2.10


Llywodraeth Cymru
Welsh Government

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

SeneddEconomy@senedd.wales

17 November 2023

Dear Paul,

The Official Controls (Establishment Lists) (Revocation) Regulations 2023

On 18 October I wrote to advise I had consented to the Secretary of State for Environment, Food and Rural Affairs to make the Official Controls (Establishment Lists) (Revocation) Regulations 2023.

It was stated The Regulations would be laid before the UK Parliament on 18 October 2023, but that timeline is now unclear. We were only made aware of this on 3 November, after the scheduled laying date. I will update you on this matter as soon as I have more information.

Your sincerely,



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

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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, and Rural Affairs Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

SeneddEconomy@senedd.wales

18 October 2023

Dear Chair,

The Official Controls (Establishment Lists) (Revocation) Regulations 2023

I wish to inform the Committee that I am giving consent to the Secretary of State for Environment, Food and Rural Affairs to make the Official Controls (Establishment Lists) (Revocation) Regulations 2023.

The Regulations will be made under powers made using powers in Retained Regulation (EU) 2017/625 – the Official Controls Regulation

The purpose of the Regulations is to revoke restrictions placed on certain Brazilian food establishments. This will enable the previously restricted Brazilian food establishments to be added to the list of establishments approved to export to Great Britain, upon submission of an updated list of approved establishments by the Brazilian Competent authority.

I would like to reassure this Committee it is normally the policy of the Welsh Government to legislate for Wales in matters of devolved competence. However, in certain circumstances there are benefits in working collaboratively with the UK Government where there is a clear rationale for doing so. On this occasion, therefore, I am giving my consent to these Regulations for reasons of efficiency and expediency, and cross-government coordination and consistency.

The Regulations will be laid before the UK Parliament on 18 October 2023 using the negative procedure, and will come into force on 08 November 2023.

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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.

I have also written to the Chair of the Legislation, Justice and Constitution Committee, Huw Irranca-Davies MS.

Regards,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

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

Elin Jones MS
By Email: Llywydd@senedd.wales

23 November 2023

Dear Llywydd,

The Trade (Comprehensive and Progressive Agreement on Trans-Pacific Partnership) Bill ('the Bill') was introduced into the UK Parliament, the House of Lords, on 8 November 2023.

The Bill covers the implementation of the CPTPP Free Trade Agreement. The Bill includes a diverse range of policy areas, and potential implications on Wales' policymaking must therefore be fully considered. Our initial analysis is that the Bill makes relevant provision for the purposes of Standing Order 29 and will therefore require a Legislative Consent Memorandum to be laid. We are working through the detail required. However, consideration of how certain provisions in the legislation could potentially influence Wales' future policymaking activities in certain areas means that our analysis is proving more complicated than originally anticipated. Whilst the Legislative Consent Memorandum will be laid as soon as possible, this will be outside the normal two-week Standing Order 29 deadline. It is hoped the Legislative Consent Memorandum will be laid in time for it to be considered by the Business Committee during December.

I am copying this letter to the Minister for Finance and Local Government, Rebecca Evans MS, Counsel General and Minister for the Constitution, Mick Antoniw MS, Minister for Rural Affairs, North Wales and Trefnydd, Lesley Griffiths MS, the Chair of the Legislation, Justice and Constitution Committee, Huw Irranca-Davies MS, and the Chair of the Economy, Trade and Rural Affairs Committee, Paul Davies, MS.

Yours sincerely,



Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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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.

15 November 2023

Paul Davies
Chair
Economy, Trade and Rural Affairs Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

Dear Mr Davies

Research and Development

HEFCW welcomes the opportunity to provide the Economy, Trade and Rural Affairs Committee with evidence to inform its 'snap-shot' inquiry into the current position of the research, development and innovation landscape in Wales. Our response is from the perspective of our role as the public body operating between Welsh Government and higher education providers. We regulate and provide funding for higher education teaching and research, and apply our influence and expertise to help deliver Welsh Government priorities for higher education that also have wider societal and economic benefits. We have provided links to other documents which provide additional information, context and evidence.

On 1 April 2024, HEFCW will be dissolved and its functions will transfer to the Commission for Tertiary Education and Research (the Commission). Our response below refers to the future role of the Commission in relation to research and innovation where appropriate.

What challenges are Welsh businesses facing in terms of awareness of, and access to, public research and development funding?

HEFCW's [Research and Innovation: The Vision for Wales](#) (2022) sets out short-term goals, medium-term milestones and long-term ambitions for maintaining an excellent research base that supports innovation that boosts productivity, is global in perspective, collaborative and has a strong sense of place. One of the four pillars of the Vision is 'collaboration', including 'collaborations that link expertise in universities with key anchor companies, SMEs, the public and third sectors and with further education institution partners; collaborations that grow critical mass within Wales and build new partnerships across the UK; collaboration with international researchers and organisations'.

While neither HEFCW nor the Commission may fund businesses directly to carry out research or innovation, we consider collaboration between business and universities

Mr Rob Humphreys
Cadeirydd | Chair

Dr David Blaney
Prif Weithredwr | Chief Executive



critical to delivering a thriving community of challenge, change and achievement that will meet economic, social and civic ambitions across Wales, the UK and the world. One key aim of our funding approach, as described below, therefore is to support universities to be able to build strong and effective relationships with business and industry.

Businesses also need support to engage and grow through such collaborations, and such solutions should recognise the differences in local economies. This requires engagement with key local stakeholders in co-creating effective innovation approaches, including universities, building on unique local strengths and assets. The landscape for funding needs to be clear and coherent, and easily understood by those who access it. This is particularly relevant for SMEs (including microbusinesses), who make up the majority of the Welsh economy, who do not have the time or the staff capacity needed to involve themselves in long and complicated funding processes. It can be particularly difficult for microbusinesses to find the necessary co-investment due to their scale. Investing in universities and in the knowledge and expertise that universities can share and exchange with these businesses offers them a greater opportunity for success and expansion and to contribute to the local economy.

What differences are there between funding for universities and funding for industry innovation? Are there regional disparities in the allocation of funding?

HEFCW's funds innovation in universities through the [Research Wales Innovation Fund](#) (RWIF). This is designed to support the broad range of knowledge exchange activities that contribute towards economic and social impact, including the wider civic mission role of institutions. The funding provides an incentive for universities to work with businesses, public and third-sector organisations, community bodies and the wider public.

In order to provide stability for universities and enable them to implement plans for long term strategic investment, the second phase of RWIF funding from 2023/24 will:

- Be based on approved five-year strategies, with annual monitoring and review
- Maintain the same funding method for at least three years, and potentially up to five years subject to any decisions of the Commission
- Use measures to limit the variation in funding received by individual universities year on year, while still rewarding strong performance in the funding method indicators

RWIF allocations include an annual £250k capacity grant to all institutions, which aims to support growth and good practice, enable more collaborations, and ensure stability across the sector.

The [RWIF funding method](#) is based on performance in a series of metrics as recorded through the HE Business and Community Interaction survey. These are total income, CPD learner days, income from spin-offs, and number of graduate start-ups still active after three years. This approach is broadly equivalent to that used by Research England and the Scottish Funding Council for their core funding for university innovation. As universities use this core funding to underpin and strengthen their capacity to bid for UK-wide competitive grants, it is important that Welsh universities are able to do so from a level playing field.

HEFCW currently allocates £15m a year through RWIF. Our Council has recognised that in principle this should be increased to £25m a year should budgets allow, to achieve greater equivalence with funding allocated to universities elsewhere in the UK. This aligns with the recommendation of the [Diamond Review](#), subsequently supported by the [Reid Review](#).

Do the research interests of universities and industry differ and, if so, what actions can be taken and by who to ensure the interests of both sectors are catered for?

Universities and industry play important, complementary roles as part of the wider research and innovation ecosystem, as set out in the recent [review of the UK research, development and innovation landscape](#) led by Sir Paul Nurse. The Commission will have strategic duties to 'contribute to a sustainable and innovative economy' and to 'promote collaboration and coherence in tertiary education and research'. While it will be for the Commission to determine how it enacts these duties, taking into account the strategic priorities set for it by Welsh Ministers, taking a holistic view and building relationships with stakeholders across the ecosystem will be important.

Universities have a strong track record of translating research into economic, environmental and societal impact. Wales is one of the most efficient countries at translating its research income into high impact research for countries of a comparable size. In the last Research Excellence Framework (REF) 2021, Wales performed strongly with 31% of research deemed to be world-leading, with a further 50% internationally excellent. In terms of impact, Welsh universities exceeded the UK average (87%) with 89% deemed to have an outstanding or very considerable impact on society.

[Analysis of the 280 impact case studies](#) from Welsh universities submitted to REF 2021 demonstrates the contribution Welsh university research makes to economic transformation, in turn leading to the generation of employment opportunities. A third of case studies reported financial impact, with tangible results including the creation of more than 2500 jobs across the public and private sectors. 70% of case studies reported impact in Wales, with over a third relevant to key Welsh Government priorities of climate change and net zero, Cymraeg 2050, children and young people, national well-being indicators, and productivity.

How can universities and businesses better interact and collaborate with each other?

Recent data show that Welsh universities are successfully growing the scale of their interaction with business. The follow data are taken from the HE Business and Community Interaction (HEBCI) survey returns 2021/22 and are among the key indicators HEFCW use to measure progress against our Vision.

- £254m in total HEBCI income for 2021/22, which represents a 15.9% increase since 2020/21 (compared to a 10.7% increase UK-wide, and the strongest growth across the four UK nations)
- £58.7m in regeneration and development income to Welsh HEIs, up from £54.4m in 2020/21 (UK total: £324m)

- 27 active social enterprises, up from 20 in 2020/21 (UK total: 710, up from 499 in 2020/21)
- 102 spinoffs that have lasted at least three years (UK total: 1,444) in 2021/22 (2020/21: Wales 95; UK total: 1,379)
- Collaborative research income 25% to £115m, up from £92m in 2020/21 (UK total: £1.9bn; UK total 2020/21: 1.8bn). This represents 6.1% share of UK total.
- Contract research income (with SMEs and non-SMEs) £33m, up from £30.2m in 2020/21 (UK total: £1.6bn, UK total 2020/21: £1.4bn)
- CPD learner days delivered – 314,423 (UK total: 3,906,709)

European Structural Funds were a major source of funding for research and innovation activities within Welsh universities. The funding supported a range of activities including capital provision (buildings and equipment); access to specialist facilities and expertise for SMEs; collaborative research; provision of specialist training; and graduate work experience. In particular, the funding enabled universities to collaborate more effectively with the SME community which forms the backbone of the Welsh economy.

An example of direct economic impact achieved through this funding is the ASTUTE 2020 project, which was a collaboration between 4 Welsh universities (Swansea University, Cardiff University, Aberystwyth University and the University of Wales Trinity Saint David). The project enabled SMEs in the Welsh manufacturing sector to access expertise and equipment within partner universities to support the development of new products and services. The final evaluation of the project concluded that ASTUTE's work created economic impact in excess of £200m in West Wales and the Valleys, and delivered an outstanding return of over £8 of economic impact for every £1 invested.

Universities play an important role in the talent pipeline for research and innovation through developing entrepreneurial skills in their students and supporting start-ups and staff spins outs. European Structural Funds were also used for retaining and developing talent with over £860m invested into skills and employability projects. This investment has exceeded the initial target of over 100,000 all age, high-quality apprenticeships and created more than 21,000 traineeships with employers across Wales.

With the changes to the funding landscape following the UK's departure from the EU, alternative structures, systems and sources of funding are needed to maintain the momentum achieved. Following Professor Graeme Reid's report for Universities Wales, [Strength in Diversity](#), HEFCW has provided funding to enable the creation of the [Wales Innovation Network](#) (WIN). Through WIN, universities will seek to build on their diversity to create partnerships with each other and with public authorities, businesses and charities which offer additional competitive strength and facilitates greater knowledge exchange.

How effective is Welsh Government's Innovation Strategy likely to be in supporting research, development and innovation in Wales?

The Innovation Strategy is a welcome acknowledgement by Welsh Government of the importance of innovation to address the challenges of government, industry, academia and the third sector. It is an opportunity to align UK and Wales' priorities in a way that provides a more coherent policy and funding landscape for Wales. Implementation of the Strategy will require a coordinated approach both across funding, ensuring investments in research, innovation and skills align, and across the activities of various

stakeholders to better support innovation within Welsh businesses, universities and other public sectors.

The Innovation Strategy also acknowledges the important role that the Commission will have in supporting research, innovation and skills development within Wales. The Commission will have responsibility for overseeing and improving coordination between the different constituent parts of the tertiary education system. This will enable the development of learner pathways and skills required to meet industry, regional and national needs. We welcome the emphasis placed on developing a culture of innovation in Wales. This commitment is aligned with the UK Government's R&D People and Culture Strategy which aims to bring the best out of people and enable talent and ideas to flow freely between academia, business and other sectors.

The Innovation Delivery Plan includes an action for Welsh Government to work with HEFCW (and in due course the Commission) and the tertiary education sector to increase funding from external sources. These funds will be allocated primarily on a competitive basis, and therefore our universities need to be able to compete effectively in order to secure a significant return for Wales. We are clear that the excellence needed to achieve success in competitive grant schemes needs to be underpinned by a strong and sustainable research and innovation base, supported by consistent levels of core funding, which HEFCW allocates via its QR (Quality Research) and Research Wales Innovation Fund streams.

Progress made in respect of the Welsh Government response to the Fifth Senedd report on 'Research and Innovation in Wales'.

We recognise that there have been significant changes to the wider landscape for research and innovation since the publication of the report in 2019, including the creation of the UK Shared Prosperity Fund, and the developing role of UK Research and Innovation, as well as the continuing impact of the Covid-19 pandemic and financial crisis. This means that in some cases the recommendations now have less relevance.

Research and innovation in Wales remain underfunded compared to the other UK nations. Increases in the budget allocated to UKRI, and through them to Research England, have not been mirrored in HEFCW's budget. The ambitions for additional funding set out in the Diamond and Reid Reviews have not been realised, but HEFCW was able to reintroduce funding for innovation and engagement, via RWIF, in 2019/20. Recent data show that Welsh universities are capturing increasing amounts of funding from external sources (an 18% increase in research council income between 2020/21 and 2021/22), and we will continue to work with them and WIN to maintain this momentum.

We welcomed the [publication](#) by the previous Chief Science Advisor for Wales of five priorities for research, development and innovation. We continue to work with Welsh Government to ensure coordination in contributions to policy development at a UK level. Welsh Government have invited HEFCW to be an external member of the Research and Innovation Strategic Engagement Group (RISE), and are observers on our Research Wales Committee, an arrangement which HEFCW will recommend is continued by the Commission.

As the Commission becomes operational and takes on its full functions, this will enable further aspects of the 2019 recommendations to be taken forward. The Commission will not have a remit to fund organisations outside the tertiary education sector, so coordination will be required with Welsh Government to ensure that approaches and funding strategies are complementary in contributing to achieving Welsh Government priorities and enabling a strong, thriving research and innovation community of challenge, change and achievement that will meet economic, social and civic ambitions across Wales, the UK and the world.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Blaney'.

David Blaney

Document is Restricted

Economy, Trade and Rural Affairs Committee inquiry into R&D

Universities Wales written evidence

November 2023

About Universities Wales

Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK. Universities Wales' membership encompasses the Vice Chancellors of all the universities in Wales, and the Director of the Open University in Wales.

Our mission is to support a university education system which transforms lives through the work Welsh universities do with the people and places of Wales and the wider world.

Universities Wales welcomes the opportunity to respond to the Committee's consultation.

Summary

- Welsh universities deliver significant research and innovation activity across a diverse range of strengths, underpinned by core and competitive funding.
- The funding landscape is challenging, with core funding remaining static and under pressure, the requirements of match-funding, and with European Structural Funding coming to an end.
- Welsh universities will benefit from access to Horizon Europe and are working hard to leverage combined strengths to secure greater grant capture from competitive sources.
- Universities serve as regional drivers of innovation through partnerships and collaborative activity with businesses, in catapults, clusters and via Knowledge Transfer Partnerships.
- In the most recent Research Excellence Framework exercise (2021), Wales had a UK-led the UK for proportion of research whose impact is considered internationally excellent or world-leading. Analysis of the REF case studies found that Welsh universities benefitted 25 different groups of people and organisations in Wales

including children and young people, policy makers, the elderly, women and people with disabilities.

1. The current position of the research, development and innovation landscape in Wales and the effectiveness of:

1.1. Public funding: including funding levels; barriers to access; regional differences across the UK and Wales

Investment in research at universities plays a particularly important role in Wales' R&D landscape: Welsh HE accounted for 28% of Wales's total investment in R&D in 2021¹. Total R&D expenditure by Welsh universities in 2021 accounted for 3.1% of UK HE R&D expenditure.

Under the dual funding system, universities receive core research grant funding from the Welsh Government via HEFCW (and CTER from April 2024) and are able to access competitive funding streams including through UKRI (and its constituent councils). Core research funding allocations have been static over many years, which amounts to a real-terms decline. Increasingly, universities are reliant on cross-subsidising research from other income.

Welsh universities also drew down significant funding for research and innovation activity from European Structural Funds. As the Committee is aware, despite the UK Government's Shared Prosperity Fund providing some replacement funding, the method of its distribution makes it difficult to access funds for research and innovation.

Universities can now apply for Horizon Europe funding given the UK's association.

Scale of research in Wales

In terms of its research base, Wales made up 3.9% of the UK's research staff submitted in the recent REF 2021 and 3.5% of the staff who were rated as 4*, i.e. Wales continues to output a significant volume of world-class research.² However, the volume of research/staff base remains almost 20% lower than an expected proportion based on Wales's population size (4.7% mid-2020).³

Comparing funding in other UK countries, higher education in Wales remains comparatively disadvantaged. Core funding for research (QR and PGR) in Wales is at a lower level on a per capita basis than other parts of the UK which makes it more difficult to compete for other funding sources. The following chart shows the last two years' allocations for research and innovation compared to the allocations in England and Scotland scaled to their relative population size – which

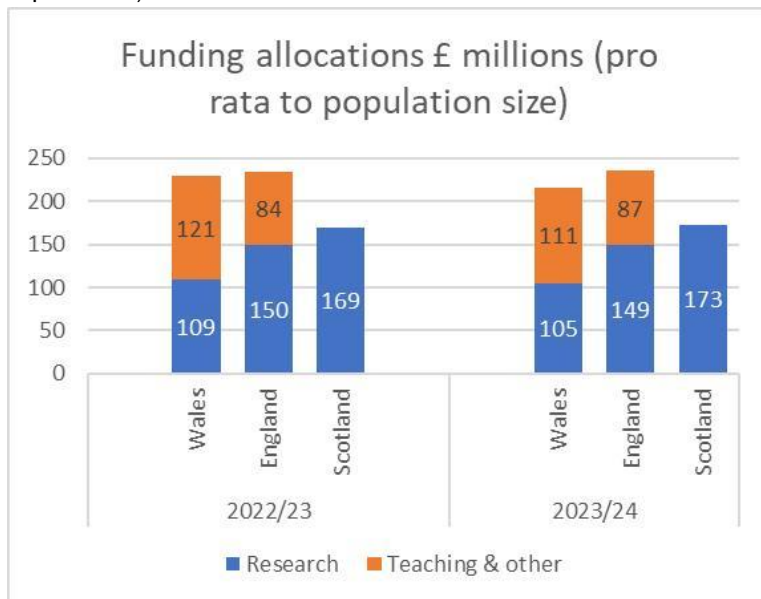
¹

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopmentexpenditure/datasets/ukgrossdomesticexpenditureonresearchanddevelopment2021designatedasofficialstatistics>

² <https://results2021.ref.ac.uk/>

³ [Population estimates by output areas, electoral, health and other geographies, England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/populationandmigration/populationanddemography/populationestimatesandprojections)

is equivalent to the amount that Wales would have received under the Barnett formula. For 2023/24, this indicates that in Wales the funding allocations for research and innovation (£105m) were £44m lower than in England (£149m equivalent) and £68m lower than in Scotland (£173m equivalent).



A breakdown of funding streams is provided in an annex at the end of this document.

1.2. Collaboration: between universities and industry

Welsh universities have a long history of collaboration with businesses.

Universities engage in knowledge exchange with businesses, providing academic research and innovation capacity to develop new projects, services and products. These are often part-funded by Innovate UK and Welsh Government.

Universities serve as regional drivers for innovation activity, including through catapults such as the [Compound Semiconductor Applications catapult](#) based in South East Wales and the [Advanced Manufacturing Research Centre](#) in Flintshire.

Universities also provide facilities and incubation space for local businesses through cluster models like AberInnovation and MSparc, as well as working with city and growth deals to secure investment for research projects. Spin-outs and graduate start-ups also benefit from support from universities via facilities, knowledge and mentoring.

This is a particularly important feature of the Welsh R&D landscape as Wales' private sector is almost entirely made up of SMEs. ONS estimates 99.9% of businesses in Wales are SMEs, with a higher than UK average % of business turnover and employees.⁴

Partnerships between universities and SMEs are vital for driving forward local and national economies. However, the ability of universities to engage with SMEs is likely to be negatively impacted as a result of the loss of EU Structural Funds. ERDF represented the highest proportion of knowledge exchange income for universities in Wales. This has create an area of substantial risk for knowledge exchange with SMEs.

The Wales Innovation Network was established to facilitate a greater degree of collaboration between Welsh universities, recognising the diverse strengths of the sector and with aim of increasing the sector's capacity for grant capture from sources such as UKRI. As highlighted elsewhere in this document, Wales typically draws down less than our population share of national research funding. Wales was successful in securing funding from UKRI's Place-based Impact Acceleration accounts, including for Net Zero homes research in Swansea, Cyber in Cardiff and USW as part of the GW4's hydrogen research.

With a view to enhancing university-business collaboration opportunities, WIN will be exploring whether there are ways to encourage consistency in approaches to knowledge exchange, making it easier for businesses to knock on the door of our universities and establish partnerships.

1.3. Support for Welsh businesses: through research and development

Universities provide a variety of support to Welsh businesses, from supporting innovation in SMEs and micro-businesses to large-scale collaborative projects in partnership with industry, as well as providing continuing professional development and upskilling.

Cluster models, such as the Compound Semiconductor cluster and AberInnovation is one means of providing benefit to local communities and partnering with local business. AberInnovation builds on Aberystwyth's strengths in crop science and agri-tech, provides incubator space and a range of state-of-the-art facilities: laboratory analysis, kitchens, food tasting labs, fermentation facilities.

Universities provide significant support to graduate start-ups, including through incubators providing access to resources and academics.⁵ We have a high level of graduate start-ups in Wales, with over 2,000 start-ups in operation in 2021/22 (the latest data available)⁶. Universities can also provide insight and expertise to support with grant applications for smaller businesses that may not otherwise have the capacity.

⁴ [Business population estimates for the UK and regions 2022: statistical release \(HTML\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/business-population-estimates-for-the-uk-and-regions-2022-statistical-release)

⁵ [Graduate Start-Ups in Wales-English \(8\).pdf \(uniswales.ac.uk\)](#)

⁶ [Intellectual property, start-ups and spin-offs | HESA](#)

Case studies

- A [partnership project between academics at Cardiff Metropolitan University and the Welsh food and drink industry](#) has supported SMEs to develop their food science, technical and food safety skills, resulting in new jobs, new markets and a £103m increase in sales;
- A team at University of South Wales has developed ways of [producing and using hydrogen](#) that could be used both industrially and commercially, reducing carbon emissions. The team worked with industrial partners such as Tata Steel and ITM Power plc.

1.4. Welsh Government's approach: including its recent [Innovation Strategy](#)

We welcome the recently published [delivery plan](#) setting out the targets and actions for implementing the innovation strategy. Of particular relevance for universities, we welcome commitments to working with universities, including with the Wales Innovation Network, to increase research and innovation funding from external sources.

Increasing the budget for Knowledge Transfer Partnerships, as set out in the delivery plan, will also support university-business collaboration.

In our evidence submitted to the Welsh Government's consultation on its draft innovation strategy⁷, we highlighted the importance of investment to underpin innovation, as well as the need for recognition of the ways in which universities can serve as regional anchors for innovation. Universities' links with communities, businesses and the public sector, as well as the resources and facilities that universities host, can provide a sound basis for developing the innovation ecosystem in Wales.

We also noted the importance of attracting and retaining talent, and suggested the Strategy should consider the role of higher-level skills development in fostering a culture of innovation and facilitating knowledge exchange. Programmes such as degree apprenticeships have an important role to play in this area.

There should also be a further exploration of the role that our international activity, including that set out in Wales' International Strategy, will play in delivering the Innovation Strategy's ambitions. For example, the Global Wales partnership has been developing key international relationships including the UK's only partnership to date with T-Hub in Hyderabad, the world's largest innovation campus for start-ups.

2. What challenges are Welsh businesses facing in terms of awareness of, and access to, public research and development funding?

⁷ [Universities Wales response - Welsh Government draft innovation strategy FINAL.pdf \(uniswales.ac.uk\)](#)

Universities are well placed to act as regional drivers of the innovation ecosystem, through supporting businesses in applying for research funding, particularly by providing capacity and expertise for securing grants.

However, there are a number of challenges for businesses in accessing research and development funding, including:

- Capacity to engage with the process, in terms of staff time and/or expertise, particularly for SMEs and micro-businesses;
- Geographical restrictions - for many areas of Wales businesses are not operating within a well-developed ecosystem where they can speak to funders;
- Timescales for approval of funding can be lengthy and bureaucratic, making it commercially unviable;
- A wide range of funding programmes with differing priorities and regulations can be hard to track and access.

Universities have a range of existing programmes intended to support universities in undertaking research and development as outlined throughout this response.

With a view to enhancing university-business collaboration opportunities, WIN will be exploring whether there are ways to encourage consistency in approaches to knowledge exchange, making it easier for businesses to access expertise and capacity within our universities and to establish partnerships.

The [Knowledge Economy Skills Scholarships](#) programme (KESS), which was funded via European Structural Funds, placed Master's and PhD students into SMEs, large companies, social enterprises and public bodies, to provide research and innovation capacity. This type of programme is an effective way to enhance university-business collaboration across Wales. Organisations benefiting from the programme included Natural Resources Wales, Tata Steel, S4C, National Botanic Garden of Wales, Mencap Cymru, Halen Môn, Qioptiq Ltd., P&S Nano Ltd. and the Tidal Lagoon Swansea Bay.

3. What differences are there between funding for universities and funding for industry innovation? Are there regional disparities in the allocation of funding?

There are some differences in the funding for research and innovation activity between universities and businesses. As set out above, universities use government funding to support basic research and innovation, plus grant funding from a variety of sources to fund specific research projects.

Innovate UK funds business-led innovation, developing new products, processes and services. Knowledge Transfer Partnerships in Wales are all part-funded by Innovate UK.⁸ Universities provide the knowledge base for a large proportion of KTPs.

⁸ [Knowledge Transfer Partnership guidance – UKRI](#)

Businesses also have access to funding via Welsh Government's SMART Flexible Innovation Support fund.⁹

In terms of regional disparities, European funding was allocated on a regional basis, so different levels of funding were allocated to three regions: North Wales, East Wales, and West Wales and the Valleys. For the 2014-20 period, North Wales and West Wales and the Valleys were both categorised as 'less developed regions' (a regional GDP of less than 75% of the EU average) entitling them to a higher proportion of funding, while East Wales was a 'more developed region' (regional GDP of over 100% of the EU average).

The Shared Prosperity Fund and Levelling Up Fund have been distributed via local authorities, which has led to disparity on a more granular level. As per evidence given to the Committee previously, Universities Wales would advocate for successor funds should be distributed via Welsh Government to allow for a strategic, joined-up approach to its distribution across Wales.

4. Do the research interests of universities and industry differ and, if so, what actions can be taken and by who to ensure the interests of both sectors are catered for?

As set out in Professor Graeme Reid's *Strength in Diversity* report¹⁰, university research in Wales can be characterised by strong performance, modest scale, and a diverse range of institutions:

'The geographic locations of universities in Wales bring a rich variety of relationships with high technology business; proximity to rural populations; access to coastal waters; and understanding of social and economic challenges faced by individual communities.'

Universities are funded to undertake basic and applied research with a view to developing understanding or making an impact on, for example, scientific breakthroughs that benefit society. Universities also participate in knowledge exchange and collaboration with industry to develop innovative solutions and products. The extent to which universities undertake basic research, applied research, and innovation activity, varies across the diversity of institutions in Wales.

Businesses will primarily undertake research with a view to developing new products or services that ultimately yield a profit and/or gain a competitive advantage.

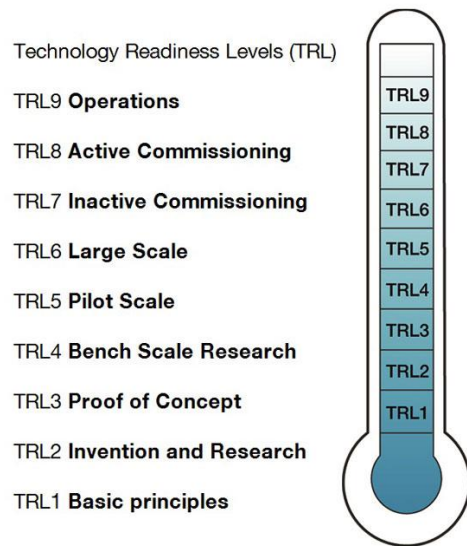
Core funding provides vital infrastructure and capacity for R&I activity to build upon, and encourages further investment from other sources. There is also a correlation between QR funding and success in grant capture from competitive sources.¹¹

The differing levels of technology readiness are also relevant, with funding required at the basic research stage in order to facilitate and enhance more applied research and innovation activity:

⁹ [New £30 million funds launched to boost innovation in Wales | GOV.WALES](#)

¹⁰ [Strength-in-Diversity-Professor-Graeme-Reid-FINAL.pdf \(uniswales.ac.uk\)](#)

¹¹ [Reid Review \(gov.wales\)](#)



Source: <https://www.gov.uk/government/ne> 1

While industrial and business-led R&D activity will be focused at the higher levels of technology readiness, the initial levels of basic research and proof of concept are vital components of the research pipeline.

In terms of actions to meet the interests of both sectors, RWIF funding can support initial partnership and collaboration, as well as funded programmes such as KESS, as set out above.

Cluster models and accelerator programmes facilitating join up with regional partners such as Cardiff Capital Region can also boost collaborative research that benefits universities and industry.

For example, Cardiff Capital Region has used part-funding from the Shared Prosperity Fund to launch a Cluster Development and Growth Programme, inviting tender opportunities for local enterprises.¹²

It is important to note that funding for basic research is an essential component of the innovation ecosystem. As noted in Welsh Government's report on [supporting Welsh R&I post-Brexit](#), public funding 'crowds-in' investment from the private sector in R&D:

There is evidence that every £1 spent by government on R&D, resulted in private sector R&D output rises of 20p per year in perpetuity.¹³

5. How can universities and businesses better interact and collaborate with each other?

¹² [CCR launches £4.73M Cluster Development and Growth Programme to nurture priority Skills, vital Academic/Industry Partnerships and bespoke Business Growth Programmes - Cardiff Capital Region](#)

¹³ [Haskel 2014-04.pdf \(imperial.ac.uk\)](#) (quoted in [Regional Investment in Wales After Brexit \(gov.wales\)](#))

The Wales Innovation Network will be exploring ways universities can create cohesion in knowledge exchange to make collaboration more accessible to businesses.

A key challenge to this is the changing funding environment, as European Structural Funds provided significant underpinning for collaborative activity.

As set out above, we await further detail on how Welsh Government intends to distribute the £3.4m consequential to Wales from the Regional Innovation Fund, and would hope that this can be used strategically in supporting regional, joined-up, collaborative research and innovation activity.

6. How effective is Welsh Government's [Innovation Strategy](#) likely to be in supporting research, development and innovation in Wales?

As stated above, we welcome the recently published delivery plan for the Welsh Government's Innovation Strategy and particularly the reference to working with Welsh universities.

The delivery plan suggests increasing collaboration through grant and procurement mechanisms with City and Growth Deal Regions and Freeports to encourage place-based innovation. This does have the potential to boost collaboration between businesses and universities.

The delivery plan is right to prioritise, under the economy mission, the need for capability and capacity building to compete more effectively for funding from international and UK-wide sources. As per evidence given to this committee previously, Welsh research has been hit hard by the withdrawal of European funding, and this has resulted in a loss of capacity. As demonstrated in Professor Sir Graeme Reid's 2017 report on R&I, there is a correlation between core funding and ability to secure competitive funding.¹⁴ Core funding plays a fundamental role in underpinning research infrastructure, which increases our ability to compete for UK funding sources.

There is also work to do to enhance engagement with Horizon Europe, which has been heavily impacted by the UK's failure to associate until recently.

7. Progress made in respect of the [Welsh Government response](#) to the Fifth Senedd report on 'Research and Innovation in Wales'.

A key recommendation of the report was for Welsh Government to articulate a vision for research and innovation activity in Wales.

The innovation strategy goes some way to setting out a vision, as well as outlining key areas of strength for Welsh research. CTER will also have to articulate how it will meet its strategic duty of promoting research and innovation in its strategic plan, which we look forward to responding to when it is consulted upon in 2024.

¹⁴ [Reid Review \(gov.wales\)](#)

The report also recommended Welsh Government seek to increase its influence over investment decision made in London. Universities Wales has supported this ambition through cultivating relationships with the Office of the Secretary of State for Wales and the Welsh Affairs Committee. The Secretary of State for Wales has visited all Welsh universities in the last year, and the Wales Innovation Network co-hosted an event in Lancaster House in Westminster last month to showcase the strengths of Welsh Research and Innovation, with the Secretary of State for Wales. The then Minister for Science, Research and Innovation George Freeman MP spoke at the event.

The report also recommended the reintroduction of innovation funding via HEFCW, which the Welsh Government supported. After an initial innovation capacity development fund of £7m for in 2019, the Research Wales Innovation Fund was operational from 2019/20 at £15m, and has remained at £15m annually. As noted by HEFCW in their review of RWIF in 2022, this is below the level of the Reid and Diamond reviews' recommendation that the fund should be £25m annually to support innovation activity.¹⁵

¹⁵ [W22-41HE-Research-Wales-Innovation-Fund-Review-2022-Outcomes-English.pdf \(hefcw.ac.uk\)](#)

ANNEX – funding streams

QR funding

HEFCW decides annually on the amount of QR it will allocate to each institution, the proportion being determined by the overall level of research excellence at each university, which is measured via the REF.

QR funding is unhypothecated and can be used to underpin core research activity, infrastructure and staffing.

QR funding in 2023/24 academic year was £81,677,344, with individual allocations ranging from £47m to £147,000 for individual institutions.¹⁶

Postgraduate Research funding (PGR)

Postgraduate Research funding is allocated to universities receiving QR, to fund the training of postgraduate research students. In 2023/24, PGR allocations totalled £6.2m, ranging from £2.5m to £69k for individual institutions.¹⁷

RWIF

The Research Wales Innovation Fund was introduced in 2020, after withdrawal of innovation and engagement funding from HEFCW in 2013/14. In 2023/24, RWIF allocation was £15m¹⁸ in total, ranging from grants of £500,000 to £3m. Institutions submit RWIF strategies to HEFCW, who allocate funding according to various metrics including spin-outs and graduate start-up outcomes, using data from the [Higher Education Business and Community Interaction Survey](#) from HESA.

The loss of innovation funding between 2013-2020 has arguably contributed to Wales lagging behind other parts of the UK in its innovation ecosystem.

While RWIF has been reintroduced, which is of course welcome, there are additional funding streams in other parts of the UK not available in Wales. Funds such as additional HE Innovation Funding in England provided post-pandemic, and Research England's Connecting Capabilities Fund have allowed universities to experiment with their KE offer.

European Structural Funds

Wales has received proportionally greater investment through European Structural Funds than other parts of the UK¹⁹. A significant proportion of these funds has been invested in research, skills and

¹⁶ [W23-19HE-HEFCW-Funding-Allocations-for-Academic-Year-2023_24-English.pdf](#)

¹⁷ [W23-19HE-HEFCW-Funding-Allocations-for-Academic-Year-2023_24-English.pdf](#)

¹⁸ [W23-19HE-HEFCW-Funding-Allocations-for-Academic-Year-2023_24-English.pdf](#)

¹⁹ [Allocation of EU structural funding across the UK - GOV.UK \(www.gov.uk\)](#)

innovation activities and infrastructure that have enabled our universities to secure competitive funding, support businesses and deliver to individuals.

This investment and the springboard it provided has brought tangible benefits to people and places across Wales. Universities were the second largest recipients of EU Structural Funds in Wales in the most recent programme, being awarded over £350m as lead partners since 2014.

A number of major infrastructure projects at our universities have been supported by Structural Funds including a world-leading brain research centre, innovation campuses and the centre for compound semiconductors.

Collaborative capacity building projects across a number of Welsh universities have also been supported by Structural Funds. These have included projects focused on developing sustainable energy systems, advanced manufacturing, bio sciences and agri-tech.

The activities and research programmes delivered by universities via ESIF have brought a wide range of tangible impacts across communities in Wales and supported Welsh Government strategic aims such as achieving net zero.

Shared Prosperity Fund

The UK Shared Prosperity Fund has not been an effective vehicle for sustaining research and innovation activity previously supported by EU Structural Funds. In order for Welsh universities to continue to deliver benefit to the people and places of Wales, there would need to be some significant changes to the delivery of the UK Shared Prosperity Fund.

The structure of delivery via local authorities is too localised to meet regional or Wales-level strategic priorities for investment in research, innovation and skills. Available grants were too small, with too tight a timescale, to allow for meaningful, strategic and joined-up bids to be developed.

A more considered, joined-up, regional or Wales-wide approach is needed to address gaps in funding arising from the withdrawal of ESIF.

Timescales also need addressing. The UKSPF prospectus was released in April 2022, with a deadline for investment plans of 1 August 2022. This gave very little time for a strategic approach to delivery.

Furthermore, with funding allocated up to 2025, compared to the ESIF period of 2021-2027, there is less opportunity for investment in longer-term projects.

Universities have noted that ESIF funding processes were fairly bureaucratic, and so consideration should be given to reducing bureaucracy in allocating research and innovation funding. This is in line with the findings of the Independent Review of Research Bureaucracy led by Professor Adam Tickell²⁰ (funding applications were the most cited causes of unnecessary bureaucracy based on the length and complexity of the processes) and the Independent Review of the UK's Research, Development and Innovation Organisational Landscape, led by Professor Sir Paul Nurse²¹ (which

²⁰ [Independent Review of Research Bureaucracy: final report \(publishing.service.gov.uk\)](#)

²¹ [Independent Review of the UK's Research, Development and Innovation Organisational Landscape: final report and recommendations \(publishing.service.gov.uk\)](#)

found research operations are hindered by excessive bureaucracy with too much emphasis on audit-oriented reviewing and reporting).

UKRI

Welsh Universities can apply for research funding from UKRI, made up of research councils including the Science and Technology Facilities Council, and Innovate UK. However, Wales doesn't historically draw down its proportionate share of UKRI funding based on population size compared with other UK nations.

In 2022-23, Wales secured 3.56% of available funding from Research Councils and Innovate UK²². However, with competitive research funding it is important to take a longer view as amounts awarded can vary greatly year on year.

22

<https://public.tableau.com/app/profile/uk.research.and.innovation.ukri./viz/GeographicalDistributionofUKRISpendin2019-20and2020-21/UKRISpend>

22nd November, 2023

Dear Evan, thank you for asking us to provide information on our research into areas relating to the Genetic Technology (Precision Breeding) Bill brought forward by the UK Government.

Background on IBERS

The Institute of Biological, Environmental & Rural Sciences (IBERS) is one of eight strategically supported Biotechnology and Biological Sciences Research Council's (BBSRC) research institutes, and the only one in Wales. IBERS's research vision is to ensure that humanity can sustainably produce the food, feed and plant based industrial resources it needs, at a time of great climate and societal change. To achieve this ambition, IBERS brings together a unique assembly of grassland & plant breeding scientists, state-of-the-art research facilities, stakeholder relationships, and collaborative networks. IBERS provides National Capability in Grassland and Plant Breeding Science through its expertise in crop science and ability to translate research into new plant varieties. Key facilities this ambition and the breeding of future crop varieties that are resilient to, and can help tackle, future climate change include:

- Research farms (Gogerddan, Morfa Mawr, Trawsgoed and Pwllpeiran) ranging from 0-600m above sea level.
- Glasshouses and controlled environment chambers, enabling us to investigate plants under controlled conditions.
- National Plant Phenomics Centre (NPPC). Unique in the UK, the NPPC provides an automated system for non-invasive assessment of longitudinal phenotyping of 1000s of plants in parallel, especially under conditions of stress.
- Seed-Biobank. Comprises over 35,000 accessions of global importance for forage grasses, forage legumes, and energy grasses, which have been collected over the last century. Such a resource is invaluable to our work on the development of more sustainable agricultural systems as well as tackling climate change through more resilient crops and the transition to Net Zero.
- Quarantine glasshouses making us one of few facilities in the UK that can import, multiply and store plant materials, and so represents an important part of our capability to collaborate with the wider global crop science community through the sharing and use of common genetic resources.
- Laboratory facilities provide core capability for molecular, cellular and biochemical studies. Includes confocal and electron microscopy facilities, equipment for metabolomics, genetic transformation laboratories and associated glasshouse facilities that enable the manipulation of model and forage grasses, including through genome editing under controlled conditions.

IBERS has 150 staff, and research income of approximately £10 million per annum, most of which includes collaboration with industry.

Track record of plant breeding in IBERS

IBERS and the institutions that preceded it have a track record spanning over 100 years in plant breeding and commercialisation of varieties across a range of crops including oats (licensed to Senova), forage grasses (Germinal), peas and beans (Wherry & Sons) and Miscanthus (Terravesta). IBERS is the

UK market leader in winter and spring oats, varieties have been marketed by Senova (previously Semundo) since the 1980's. This includes both husked and naked oats. IBERS varieties are estimated to make up 83% of the UK seed area of winter oats. Total UK planted areas for oats were 210,000 ha in 2020, with a market value of £150 million. IBERS forage grass varieties dominate the UK market; estimated to be 39% of the UK market share for grass and herbage, with the next largest being DLF with 14.9%. We are ranked first in the world on Scival (an international research performance assessment tool) for Miscanthus breeding, and have successfully bred the world's first new Miscanthus varieties for the biomass market. Six varieties are registered with the Community Plant Varieties Office (CPVO) and are licenced to Terravesta Ltd for exploitation.

Approaches to plant breeding

The aim of plant breeding is to select plants with desirable characteristics and combine their genetic diversity whilst eliminating unfavourable traits. The characteristics required vary between crops, but typically include increased yield, quality traits, and environmental performance (e.g. resilience to climatic extremes, and to pests/diseases). A breeding cycle typically involves crossing the best available mature plants, testing the resulting progeny in the field, and then selecting the best performers for deployment and use in the next cycle. It is therefore an inherently slow process (e.g. 12-15 years for a new variety), but in mature breeding programmes it is a continuous pipeline, with new varieties becoming available on a regular basis due to ongoing activity.

Conventional breeding typically relies on existing diversity present in the plant that is being bred; for example, a crop plant which shows a particular resistance to drought is crossed with another crop plant that has a high yield in order to produce new varieties carrying both traits. A range of approaches can be used to improve the likelihood of desirable traits being combined in a single plant; in most cases these are variations on the conventional crossing approach, such as crossing an offspring with its parent, or attempting inter-species crosses. Where the desired trait does not exist, mutagenesis can also be used to produce spontaneous genetic variation in the hope of generating new plants with beneficial traits.

Recent innovations in plant breeding

Recent technological advances can potentially accelerate breeding cycles and bring about more accurately targeted genetic improvements in crops, and IBERS is a national leader in developing, assessing or operationally implementing these.

Genomic selection: Advances in approaches to DNA sequencing, and associated high performance computing, have drastically decreased costs and therefore make it possible to generate large amounts of genomic data within plant breeding programmes. Previously selection was only possible from plant phenotypes, which might be influenced by maturity, the environment in which they are grown and the seasonal variation. However, once genomic trait associations have been established, Genomic Selection can be applied, directly from the genomic DNA. The key benefits of this approach are a) that it allows traits of interest to be selected at the seedling stage, thereby reducing time and the costs associated with growing plants to maturity in the field, and b) that the effect of environmental conditions are excluded.

Gene editing: In this technique, DNA is cut at a specific location in the genome. DNA can then be added, removed or replaced at this location. The most commonly used approach (CRISPR-Cas9) is not yet developed for the crops bred in IBERS, but we are actively engaged in the underpinning research that would make this possible in the future. It is certainly the case that significant improvements in the crops we breed in IBERS are achievable without gene editing, but as our understanding of crop

genomes improves, there are likely to be specific desirable traits that are much more difficult to breed into crops without gene editing.

IBERS has embraced modern approaches to plant breeding as exemplified by two current projects:

- Miscanspeed – Accelerating Miscanthus Breeding using Genomic Selection (2022-2025, c.a. £2 million, BEIS/DESNZ funded). In this project we are capitalizing on our role in the recent sequencing of the Miscanthus genome, decreases in the cost of DNA sequencing, and our demonstration of the utility of genomic prediction models to predict mature phenotypes based on genetic sequence data. The aim of Miscanspeed is to integrate this knowledge with rapid plant maturation in specialised glasshouses to cut the duration of a breeding cycle from three years to a single year.
- Using AI for plant selection and breeding for Net Zero (2023-2025, c.a. £2 million, UKRI funded). In this project we are using advanced drone-mounted sensing technologies (near-infrared spectroscopy, NIRS and hyperspectral cameras) to detect the chemical composition of plants and indirectly their genetic composition. This data is then being combined with conventional field measurements and incorporated into Artificial Intelligence models. The aim is to transform our ability to analyse complex data sets, recognise data patterns, rapidly incorporate understanding gained from other crops, and generate accurate predictions that will improve selections in our breeding programmes. This should allow us to accelerate breeding gain per cycle.

Financial models of plant breeding

Historically, plant breeding in the UK and other countries was a public endeavour. During the 1980s most of the public breeding programs were sold or arrangements were made for near market costs to be absorbed by commercial companies. Breeding for the commercial market is now generally either undertaken by companies (for crops where the volume of sales generates sufficient income, e.g. maize, sugar beet, cereals), via companies collaborating with each other, or via public sector breeding with sponsorship agreements for variety rights (companies invest in breeding programmes in return for exclusive rights to new varieties). Public sector breeding with open competition for variety rights is also undertaken, but given the lack of finance available via this route is typically a precursor to one of the other financing models.

For the crops we work on in IBERS, the majority of breeding is undertaken via a mixture of sponsorship agreements and public sector support for underpinning technologies and ‘pre breeding’ (analysing and determining traits that should be brought into commercial breeding programmes, and developing breeding technologies per se).

The Intellectual Property Office estimate that levels of investment to maintain a breeding programme at between £200,000 and £2 million/year. However, the return on investment for breeding is estimated to be 40:1, compared to 5:1 for fundamental research and 15:1 for more applied research. The same report indicates UK royalty income across all crops to be approximately £40m pa.

There are strong reasons for public investment in plant breeding. Market failures in relation to plant breeding are well documented, both in terms of the provision of public goods and the existence of environmental externalities. In the case of public goods (i.e. co-benefits arising from a product that are accrued by someone other than its producer) examples might include flood resilience conferred by a perennial grass, soil carbon sequestration, and the avoided CO₂ emissions that might arise from using bioenergy crops in place of fossil fuel derived energy. Environmental externalities are side effects of the industry concerned that are paid for by society rather than the market. Examples include reliance of particular crops on herbicides, pesticides or fertilisers. Climate change is commonly regarded as the ultimate tragedy of the commons.

The regulatory environment for plant breeding

Our scientists are active in advisory groups (e.g. Professor Huw Jones sits on the UK Food Standard Agency's Advisory Committee on Novel Foods and Processes, and the Defra Advisory Committee on Releases to the Environment). He was also an expert member of the GMO panel of the European Food Safety Authority (2009-2018, including as vice-chair), co-authoring more than 150 scientific risk assessment opinions and technical guidance documents. We are also called upon to provide evidence to governmental and industry bodies more widely in relation to plant science and breeding.

It is our view that regulation in the area of genetic technologies, particularly in relation to gene editing and genetically modified organisms suffers from several key problems. Firstly, it is strongly politicised and inconsistent (e.g. countries not allowing specific modified crops to be grown but being willing to import the same crop as food or feed). Secondly, regulatory mechanisms are not sufficiently agile and future-proof to cope with the relatively rapid advances in the underpinning biotechnology and wider (relatively under-regulated) approaches. As outlined above, there are many ways in which plant breeding is advancing (e.g. by using AI) and it seems unlikely that regulation can keep up with the speed of change. An additional problem is that regulation is not scientifically consistent; instead of risk assessing an end product as would happen in other industries (e.g. the REACH risk assessment approach underpinning EU chemical regulations), the *process* by which a plant is bred is being used to determine the regulations that apply to it, thereby neglecting the fact the results of gene editing are indistinguishable from the types of genetic changes that occur naturally and could be generated by conventional breeding approaches. This lack of regulatory consistency impacts on both the prospects for attracting commercial investment into plant breeding programmes based in Wales and the UK, and also on our ability to maintain our world-leading status as a plant breeding institution.

Final comments

The combination of genomic selection, large scale phenotyping from robots, drones or even satellite based sensors, with AI and other emerging technologies means IBERS is actively contributing to addressing key challenges in commercial and pre-commercial breeding, in addition to undertaking fundamental research on plant science and biotechnology that will underpin future breeding approaches. The most urgent breeding challenges include minimising the nutrient impact of agriculture, improving resilience of crops to future climate challenges, and increasing the food or feed value of our staple crops.

It is our view that there is a particular need to speed up the crop breeding pipeline especially given the impacts of climate change and the frequency of extreme weather events, e.g. droughts followed by flooding events. Many of the crops we work on, compared to cereal crops such as wheat, are early still early in the domestication process. Furthermore, the target traits are not those typically targeted in cereal crops and so are less well characterised. For example, given the increasing dependence of global net zero targets on BECCS (Biomass Energy with Carbon Capture and Storage), new varieties of biomass crops are urgently needed. Having registered the world's first new *Miscanthus* varieties tailored to the biomass market, IBERS has a unique position both in the UK and globally, and could play a pivotal role in our ability to reach net zero carbon emissions. More broadly we need to find methods that enable an integration of the different technologies, including gene editing, genomic selection, high throughput trait analysis and the use of AI and machine learning, so that we can make new plant varieties more rapidly and with more precision. This will be needed to tackle the local and global challenges ahead as well as provide society, including farmers, industry and consumers, with the food and other land-based products and services it needs.

Dr Judith Thornton, Prof Iain Donnison, Prof Gancho Slavov, Prof John Doonan. 22/11/23.

Agenda Item 6

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