

Written Response by the Welsh Government to the Economy, Infrastructure & Skills Committee's report: The Impact of COVID-19: Summary of initial findings

Recommendation 1: The Welsh Government should share its thinking with the Committee on how its current economic approach might need to change in the medium to longer term as a result of the pandemic and to give an early indication of what the Minister felt 'build back better' might look like.

Response: Accept

In light of the Covid-19 crisis and the end of EU exit transition, we have the opportunity and necessity to consider what sort of economy is needed for Wales, responding to the changed circumstances, new working environment and the future of work. This is an opportunity to be bold whilst also mindful of an over-emphasis on new or untried interventions.

Fundamentally, we will have a values led recovery where the guiding principles are social justice, fair work and environmental sustainability.

There is no doubt that Covid is already causing us to re-think significant areas of policy and what we do. However it's also true that Covid is accelerating many of the longer-term challenges that we already knew existed prior to the virus:

- the climate crisis and the need for urgent decarbonisation of industry;
- the unequal economy and the lack of good well-paying jobs;
- the need for economic opportunities outside of growing urban areas;
- the lack of skills in a nation still heavily scarred by deindustrialisation.

We are looking to continue this Government's track record of progressive, innovative approaches to meeting the needs of Wales. Not just short term fixes but activity which responds to wider challenges such as tackling climate change, grounded in Wales and reflecting the unique challenges and opportunities that we are facing.

Through our work developing the Economic Action Plan and in the specific measures we have taken since, there has been some progress in re-orientating economic policy towards some of those longer-term challenges. The Economic Contract signals and secures commitment from business to move onto a low carbon future; to increase the level of skills in the economy; and to move away from the stigma of a low skill, low wage economy by increasing Fair Work.

There are four integrating propositions which could provide the necessary focus and cross-Government approach to stimulate a recovery which builds back better. There is already activity in these areas and beyond, with the opportunity to build on this as a foundation for a recovery. Views will be sought from social partners and more widely to develop both thinking and action on what is needed to help accelerate the right recovery.

The four propositions are:

1. An emphasis on **PLACE** based recovery which unlocks the opportunity to drive coordinated activity with the relevant partners built on a shared understanding of

an area's strengths and needs. In particular there are potential multiple benefits from a **Green Housing-led economic recovery** which could create local jobs, contribute to decarbonisation, build the foundational economy, provide skills, tackle fuel poverty and provide better homes.

2. A **PEOPLE** based recovery which needs to refashion and re-prioritise apprenticeship, further education and university offerings in the face of the significant expected unemployment, underemployment and economic inactivity increase in Wales and across the UK over the next 12 months.
3. A **GREEN and JUST** recovery which steers Wales away from this unprecedented crisis to build a more resilient economy based on the industries we need now and for the future. Adopting net-zero – in both carbon and waste terms - as a goal for economic recovery will provide a clear signal to business where we are heading.
4. A **DIGITAL** recovery which establishes Wales as a place of digital innovation. There are real opportunities to release people to perform roles only human can; reducing digital inequalities and accelerating areas of innovation and digital transformation.

Recommendation 2. The Welsh Government should provide the Committee with information on the future of business support funding requirements for Wales in light of the extension of the CJRS until October 2020.

Response: Accept

Clearly, many businesses will experience ongoing difficulties beyond October 2020 so the CJRS should not end abruptly. Ongoing UK Government level support through a partial extension of the CJRS and the Self-Employment Income Support Scheme until at least the spring of 2021 will be needed to support those who will not experience a substantial recovery in demand so that businesses and jobs can be preserved.

The Welsh Government will do all it can with the modest amount of money left in its Economic Resilience Fund to support recovery, but the Welsh Government will be unable to offer ongoing support at the scale needed.

Recommendation 3. The Welsh Government should update the Committee on their thinking, and discussions with the UK Government, around the UK Shared Prosperity Fund. This should include a specific focus on the role the replacement fund could play in lending additional support to help Wales recover from the effects of the pandemic, and an update on recent discussions with the UK Government on timescales for announcements on the fund.

Response: Accept

We are happy to meet this recommendation and provide a written update on the ongoing work we are undertaking in Wales on regional investment. That update will

reflect on the outcome of our consultation and on the emerging socio-economic landscape in Wales as a result of the COVID-19 pandemic.

Announcements on the UK Shared Prosperity Fund (SPF) are not expected until the Comprehensive Spending Review in the autumn. It is unlikely that we will have specific detail of the UK Government proposals until then. There has been mention of a consultation on the SPF but no further information on this is forthcoming at present. The Welsh Government continues to be proactive in seeking to work with the UK Government on the detail of the Fund. Welsh Government has engaged proactively with the Secretary of State for Wales and his officials on our proposals which appear to have established a clear understanding of positions.

The UK Government has noted that Wales will receive no less funding than current levels of EU funding (Conservative Party Manifesto 2019; March 2020 Budget), but there has been no confirmation on how the SPF will come to the Welsh Government. If announcements on the SPF are not made until the autumn, there is a significant risk in successor arrangements not being in place early next year, making the delivery of new funding before the 2021/2022 financial year unlikely.

The Welsh Government cannot wait until it has the detail of the proposed SPF to plan its transition arrangements when the current EU Programmes close, and develop its future regional funding model. This is particularly important as we plan for Wales' economic recovery in response to COVID-19. As such the Welsh Government has undertaken extensive consultation (28 Feb to 10 June) on our successor regional investment arrangements and, overall, secured partner and stakeholder consensus on our proposed way forward.

The consultation set out the position we have reached after close engagement with regional and local stakeholders which have played a key role on our Regional Investment Steering Group, chaired by Huw Irranca-Davies AM, and the supporting technical sub groups. We have also been working with the OECD to provide an independent and transparent review of multi-level governance in Wales and make appropriate recommendations, drawn from international best practice, in support of the regional focus of economic development in the Economic Action Plan and Prosperity for All.

Of course, our consultation took place during unprecedented times due to the impact of COVID-19. The future of regional investment, like many other areas impacting on our businesses, people, and economy, is being reviewed with stakeholders in light of COVID-19 and we recently held a plenary discussion with our External Steering Group to inform this. An independent analysis of our consultation responses is now underway, the findings of which will help Ministers determine the future direction of travel and next steps so we remain on track to deliver a successor investment programme.

It is hugely important now that the UK and the Welsh Government, together with our key stakeholders across Wales, demonstrate a continued and strong commitment to work together on a plan for economic recovery across the UK. Addressing inequalities across the UK will also be a key priority in view of the impact of COVID-19. Our cross-UK response to COVID-19 shows that we can work co-operatively and

constructively together, building a partnership approach which delivers and also fully recognises devolved competence.

Recommendation 4. The Welsh Government should set out details of any representations it has made to the UK Government regarding the importance of funding for business support, apprenticeship and skills programmes to aid Wales' recovery from COVID-19 to the Committee.

Response: Accept

During discussions with the UK Government, the Welsh Government has repeatedly stressed the need for comprehensive business support and will continue to make the case for ongoing more targeted support during the re-start and recovery phases.

Ministers wrote to the Chancellor of the Exchequer prior to his Summer Economic Update to describe the challenges we are facing in Wales.

The labour market in Wales in terms of the headline indicators of employment, unemployment and inactivity has not yet materially deteriorated. This is partly due to employment being a lagging indicator but also reflects the effectiveness of the UK Government's Job Retention Scheme (JRS) and the Self Employed Income Support Scheme (SEISS) in insulating the labour market from what would have been catastrophic losses in employment and increases in unemployment and inactivity.

Both are underpinning a significant number of jobs in Wales.

We welcome the Chancellors announcement¹, and have been calling on the UK Government to consider a job subsidy scheme akin to our successful Jobs Growth Wales scheme in Wales. Since the launch of Jobs Growth Wales in 2012, as a response to the 2008/9 recession, the scheme has helped over 19,000 young people into employment, with support of the European Social Fund.

We remain firmly committed to delivering an immediate response to supporting people into employment or self-employment, whilst securing learner continuity and progression in the labour market throughout this pandemic. Work is underway to plan for the likely growth in demand for employment and skills support across SHELL and Community Employability Programmes. Those programmes include ReAct, Access, Jobs Growth Wales, Traineeships, Communities for Work and Communities for Work Plus, and Working Wales as a central course of advice and guidance.

Welsh Government's offer on skills and employability will be crucial to support displaced workers to return to work, support employers to recruit, and stimulate hiring of young people and apprentices, and new business start-up.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898422/A_Plan_for_Jobs_Print_.pdf

We will consider the details and timings for implementation of the Chancellor's new offers, to ensure parity for both individuals and business in Wales that recognises devolved responsibility for education and skills. To match the scale of the political commitment at a UK level, funding for Wales is important for us to be able to deliver Apprenticeships, Jobs Growth Wales and Traineeships are part of a suite of provision that underpins our 'Covid Commitment'.²

Tackling unemployment requires a joint approach with UK Government, and we continue to call on the DWP and DFE to work with us to shape a coordinated response in Wales. To this end, we ask that JCP in Wales are given more flexibility and autonomy to be able to respond quickly to specific Welsh related labour market issues. However, DWP / JCP services provide only one part of the employability and skills landscape in Wales, which is a vast network of national, regional and local delivery, funded and commissioned through Welsh Government, European Social Fund and a range of regional, local level and third sector funding sources.

We have a good track record of working in partnership with DWP, and have supported 17,900 people into employment through our Community Employability Programmes. We provide outreach in our most deprived and vulnerable communities for young people and adults to access employability provision to support their journey to employment.

ReAct continues to deliver training and reemployment support for workers at risk of redundancy.

We are doing everything in our power to ensure that Wales can, and will, recover from this pandemic. Prior to Covid-19, we had celebrated success in improving our employment rates in Wales, demonstrating that our interventions work. However, there is also room to take stock to review and reshape our policies and interventions to ensure they have maximum impact on both a national and regional scale. We do not only want to bounce back from this pandemic, but to build back better by creating a national economy which sees employment, wealth and prosperity spread more equally across Wales – the post 16 education sector will be crucial to this.

Recommendation 5. Welsh Government should update the committee on its thinking around regional policy in light of the pandemic and the requirements of recovery support for different regions - in particular what changes might be needed to current regional support structures or regional economic priorities,

Response: Accept

Our Chief Regional Officers are and will continue to work with stakeholders in each of our regions to establish clear and shared priorities for economic development. The short-term focus is on recovery from the Covid-19 pandemic and the medium to long term focus will be firmed up as the outcome of negotiations with the EU on the future trading landscape become clearer.

² Covid – Commitment - to anyone over 16 in Wales to access advice and support to find work, pursue self-employment or find a place in education or training.

The regional priorities established will - among other things - guide regional investment in line with the new Regional Investment Framework to be used to administer funding to replace that currently provided by the EU. This framework was the subject of a recent consultation exercise led by the Counsel General and Minister for European Transition.

The Local Government and Elections (Wales) Bill provides that 'economic development' is one of the areas for which Ministers will be able to establish a Corporate Joint Committee (CJC) to enable local authorities in each of our regions to work together within the context of the Regional Investment Framework and more broadly. We are working to establish CJs by April 2021.

Recommendation 6. The Welsh Government should update the Committee on its discussions with the UK Government on support for the tourism industry.

Response: Accept

The Deputy Minister for Culture, Sport and Tourism has had regular meetings with the Devolved Administration Tourism Ministers, which include the UK Tourism Minister, Nigel Huddleston. This has continued to be the case during the current public health crisis, but the frequency of the meetings has increased to a fortnightly basis, or more frequently, as the need arises. At these meetings, we have discussed matters such as:

- Ongoing support for the tourism, hospitality and events sectors
- Easing lockdown restrictions – which covers a myriad of issues such as guidance, visitor charters, Good to Go Standard, 2m v 1m etc.

We fervently make the case for Wales and argue for Barnett consequentials where appropriate. We fully intend to continue to push for further resources for Wales because, despite the many measures, we require additional support in Wales. We are grateful for the extension of the furlough period but further support for this sector - tourism, events and hospitality - will be crucial and we will continue to call on the UK Government to make this an economic priority. This is vital, especially over the winter period and we will be pursuing any consequential funding for Wales.

Welsh Government has also raised the need for additional resources in a letter to the UK Chancellor. Visit Wales officials also meet UK counterparts at several fora including the weekly UK Visitor Economy Working Group, chaired by the UK Tourism Minister and the UK wide Tourism Industry Emergency Response group, to make the case for Wales on a variety of issues, including the need for on-going, comprehensive funding for the sector.

We continue to strongly advocate for Tourism taking account of industry views. To that end, and beyond various daily interaction, we have met the sector regularly across Wales, to receive feedback from the Regional Forums via the Forum Chairs as well as through representative bodies such as the Wales Tourism Alliance and UK Hospitality Cymru.

These views are fed into Ministers at a Wales and UK level and through our Wales representatives on Visit Britain and the UK Tourism Industry Council. Welsh Government have met weekly with representatives from the tourism sector via a Covid19 Tourism Taskforce. The taskforce includes the 4 regional tourism forum chairs, the Wales Tourism Alliance, the WLGA, UK Hospitality and the Wales representatives on the Visit Britain Board and the UK Tourism Industry Council. Each meeting is providing an opportunity for a two-way update and to plan a responsible return and renewal for the sector. This group will continue for as long as it is needed and not only helps to inform the First Minister's 21 day reviews but also our dialogue with the UK Government.

Recommendation 7. The Welsh Government should update the Committee on its discussions with the UK Government on support for the steel industry.

Response: Accept

The Welsh Government is in regular contact with the UK Government regarding the steel industry and the need for urgent support for steel companies in Wales. I have raised this frequently at my regular meetings with BEIS Ministers and the Secretary of State for Wales.

Ministers have also regularly raised the importance of support for strategic industries including steel in the UK Government-led Economy and Business Response Implementation Group (EBRIG), which reports to the daily PM-chaired Covid-19 meeting.

The First Minister wrote to the Chancellor of the Exchequer on 3 June setting out the urgent need for UK Government to support Welsh steel companies. I wrote to Alok Sharma, Secretary of State for Business Energy and Industrial Strategy on 2 June in a similar vein.

It is very welcome news that the UK government confirmed on 2 July it has provided an emergency loan to Celsa Steel (UK). We worked closely with the UK Government throughout this process in a joint effort to provide much needed support for the company. Alongside the UK Government loan, we are providing a loan of £2.9m as well as £690,000 grant funding through our Economic Resilience Fund.

We will continue to work closely with UK Government and impress on them the importance of urgently putting in place the necessary support for the wider sector.

Recommendation 8. The Welsh Government should update the Committee on its discussions with the UK Government on support for the aviation industry.

Response: Accept

Throughout the pandemic we have continued to ask the UK Government for targeted assistance for aviation and aerospace businesses in Wales and the UK.

I have raised the matter frequently at my regular meetings with BEIS Ministers and the Secretary of State for Wales. I've impressed upon them the immediate need for direct UK Government support for the industry, specifically calling for particular consideration to extending the Job Retention Scheme for the sector and to increase support via the Coronavirus Large Business Interruption Loan Scheme and for research and development.

Recommendation 9. The Welsh Government should provide more detail of its expectations around additional UK Government funding for sectors which make up a greater proportion of the Welsh economy than other parts of the UK, including how funding over and above a Barnett consequential could operate.

Response: Accept

The current focus is on ensuring the Welsh Government receives the correct level of additional funding from the various measures announced by the UK Government.

We will always work to ensure that Wales receives the right level of funding to support our public services in Wales properly. That is particularly important at the moment, when those services are facing such difficult challenges.

A number of the announcements made by UK Government will be funded from within existing Department budgets which will not lead to additional Barnett formula consequentials for the devolved administrations.

The Minister for Finance and Trefnydd has noted that, having now examined the numbers, the Welsh Government is likely to be only getting £12.5 million of additional funding from announcements in the UK Government's Summer Economic Update. The £500m announced by the Chancellor, includes things which had already been announced and things we have already had to pay for.

The Welsh Government's first supplementary budget for 2020-21 took account of £1.9bn of additional funding. Further increases are expected, however any additional consequentials will not be confirmed until the UK Supplementary Estimates later in the year and will be reflected in our second supplementary budget.

There is still uncertainty as to the exact amount we will receive as a result of the full package of support announced by the UK Government. There are real challenges in being able to respond to the crisis, given this uncertainty.

While we welcome the UK Government's decision to reduce the VAT rate on the hospitality sector which has been particularly impacted during these unprecedented times, the UK Government should also put in place sectoral employment protection schemes for sectors which continue to be closed or very substantially impacted by Covid-19 measures such as tourism, aerospace, automotive and steel.

We need urgent clarity around funding and budgetary flexibilities in the current year to enable us to respond to the crisis in a way which supports the public services and

economy in Wales. This includes the UK Government's plans for the Comprehensive Spending Review and how it intends to ensure a smooth transition as we exit the EU.

Recommendation 10. When lockdown is eased the Welsh Government should issue clear and consistent guidance on social distancing for all businesses. This guidance should be given to businesses as far in advance as possible in order for them to have time to prepare.

Response: Accept

We have to date published **25 workplace guidance documents** – with more to follow: <https://gov.wales/business-and-employers-coronavirus>

The guidance aims to help businesses and employers and provided practical considerations on how they could operate. The guidance is based on five principles for workplace safety:

- Care: Our health and well-being comes first
- Comply: The laws that keep us safe must be obeyed
- Involve: We all share the responsibility for safe work
- Adapt: We will all need to change how we work
- Communicate: We must all understand what to do

We consulted with Welsh businesses and trade unions to ensure that our approach is proportionate and fair to businesses and workers.

You will note we also have also published in-depth guidance to support a safe return of the manufacturing, tourism and retail sectors, amongst other things and further key sector guidance will be published over coming weeks.

This guidance will be for all workplaces - it does not replace legislation and associated guidance, or industry-specific guidance, nor should it be considered a substitute for legal advice, which employers and employees should consider obtaining where necessary.

We engage with our partners in Wales, as we are legally obliged to do under the Wellbeing of Future Generations Act. We also consulted with Welsh businesses and trade unions to ensure that our approach is proportionate and fair to businesses and workers.

We are particularly grateful for the support of the TUC on these matters. In all of this work, we must be mindful of working to the clean, fair and prosperous future we want, rather than the past we had.

Employers and businesses are still under legal obligations to ensure the decisions they make in response to COVID-19 do not directly or indirectly discriminate. They should not make biased assumptions and use those to disadvantage workers or block them from the job market.

Recommendation 11. The Welsh Government should revisit changes made to the guidance for non-domestic business rate relief and ensure that they are neither penalising legitimate businesses nor increasing the workload on local authorities.

Response: Reject

The guidance was amended following discussion with local authorities. Certain rural authorities expressed concerns about the possibility that grants might be paid to second home owners who only occasionally let out their property.

However, the guidance accompanying the grant scheme provides local authorities with discretion as to the decision to award the grant to a particular business and any additional evidence they require from business owners before making a grant award. These discretions extend to local authorities' decisions about awarding grants to all businesses in the eligible categories, including self-catering accommodation. The guidance was drawn up in consultation with a working group of local authority representatives and the Welsh Local Government Association.

The decision whether to award relief or grant support remains at the discretion of the individual local authority.

Recommendation 12. The Welsh Government should share its analysis of the gaps in support for businesses with the Committee.

Response: Accept

The Welsh Government's Economic Resilience Fund, Start-up grant and Discretionary Assistance Fund have been designed to fill as many gaps as possible left by the UK Government's support offer with the resources available and within devolved competence. As a consequence, the Welsh Government believes that it has done all it can to support businesses and jobs across Wales with the most generous package of support available anywhere in the UK.

A very significant gap in support will arise if the UK Government does not extend its Coronavirus Job Retention Scheme beyond October 2020 for areas of the economy which will not benefit from a substantial increase in demand from that point.

Recommendation 13. The Welsh Government should open up the eligibility checker for phase 2 of the Economic Resilience Fund, open this phase for applications and start making payments as soon as possible.

Response: Accept

The eligibility checker for phase 2 of the Economic Resilience Fund opened on 29 June and applications have been submitted since 29 June 2020.

Recommendation 14. The Welsh Government should publish a list of any indicators that the UK Government, or other bodies, should be reporting on at a Wales level and how the Welsh Government would deploy this information in recovery planning.

Response: Accept

We welcome the UK Government's publication of statistics on the Coronavirus Job Retention Scheme and the Self Employment Income Support scheme which included data for each UK countries. This provides valuable insight to the scale of the economic impact in Wales. We would encourage that any future updates to data by the UK Government covering business support include a breakdown for Wales where possible.

Data specific to Wales is particularly important due to the relative importance of certain sectors to the Welsh economy, as well as the different characteristics of the Welsh population compared to the UK as a whole. Access to more of this would help officials to plan recovery steps that would be tailored to the needs of the Welsh Economy.

Recommendation 15. The Welsh Government should publish data on the sectoral and regional impacts of the COVID-19 pandemic as soon as is practically possible.

Response: Accept

Throughout the pandemic we have continued to publish regular data via StatsWales on business, the economy and the labour market at a sectoral and regional level as it becomes available.

We continue to work with the Office for National Statistics (ONS) on their Business Impact of Coronavirus Survey (BICS) to monitor the impact on businesses both by region and sector. Data is published every fortnight by the ONS and is a valuable source for understanding the effect of pandemic in Wales.

Recommendation 16. The Welsh Government should publish data on uptake and impact of its economic support measures regularly by local authority area and sector, including support provided by the Development Bank for Wales and business rates support provided via local authorities.

Response: Accept

The Welsh Government publishes a [weekly overview of data on coronavirus support](#). This include statistics on support provided to business, covering COVID-19 business rates grants, the Development Bank for Wales' COVID-19 Wales Business Loan Scheme, the Economic Resilience Fund and the Larger Business Fund.

Data on applications to the Economic Resilience Fund (ERF) broken down by sector, business size and region were published in a letter from the Minister for Economy, Transport and North Wales to Members of the Senedd and Welsh MPs on 28 May.

Recommendation 17. The Welsh Government should publish the full dataset of businesses that have been supported through the Economic Resilience Fund (to included business name, address, sector, size of business and details of the grant or loan provided).

Response: Accept*

All recipients of ERF will be published on the Welsh Government website. This was a prerequisite at the application stage. Due to the General Data Protection regulation the following details* will be published;

- Name of Business
- Scheme / Size – Micro, SME or Large
- Local Authority – not full address as some sole traders use home address
- Amount of funding.

Recommendation 18. The Welsh Government should regularly report on the impacts of the pandemic on different economic sectors, regions of Wales and on different sections of society (e.g. by people with different protected characteristics).

Response: Accept

The Welsh Government regularly publishes a range of economic statistics by sector, region and protected characteristics which are made available through the Welsh Government statistics website.

In June, the Welsh Government published analysis on the [protected characteristics of different groups of people whose employment is most likely to be impacted by COVID-19](#), including critical (key) workers, employees in industries that have been told to close, and employees in occupations at high risk of COVID-19.

Recommendation 19. The Welsh Government should publish performance data on the speed of local authorities issuing business support grants.

Response: Reject

Local authority level data was published by the Finance Minister as part of regular briefings on Welsh Government business support. The Non Domestic Rates Grant scheme closed on the 30th of June 2020. To date £748m has been awarded in support of 62k business properties. Remaining low volume activity is focused on a

limited number cases, closing those decisions where for example rateable value is under review by the Valuation Office Agency (VOA).

Recommendation 20. The Welsh Government should inform the Committee of the date it anticipates releasing its back-to-work safety guidance, and provide details of how this guidance will work effectively alongside the UK guidance issued on 11 May.

Response: Accept

As mentioned at recommendation 10, a number of [Keep Wales Safe – At Work guidance](#) documents have been published. These documents build on the requirements in the [Statutory Guidance](#) and [supplementary guidance](#) on taking all reasonable measures to maintain physical distancing in the workplace, and aim to help people to operate safely during the Coronavirus pandemic. The Keep Wales Safe – At Work guidance will be updated iteratively to reflect regulatory changes and new advice.

Our approach to developing the guidance was to base it on some of the useful practical sections of the guidance published by the UK Government adapting it to reflect Welsh law and social policies, working in consultation with our social partners and a broad range of stakeholders and sector experts.

Recommendation 21. When issuing its sectoral return-to-work safety guidance the Welsh Government should consider prioritising not just along the lines of sectors which will open first but also sectors which will require the most work. For example tourism may be one of the last sectors to reopen, however some tourism businesses will need to implement structural changes.

Response: Reject

Our approach to developing and publishing the guidance reflects the regulatory changes. This approach ensures that businesses that are able to open can do so safely and lawfully. However, we continue to work with partners across all sectors in the development of additional guidance including those that are currently required to remain closed.

Recommendation 22. The Welsh Government should set out further details on how it will monitor the capacity of local authorities and other organisations charged with enforcing compliance safety regulations/guidance as businesses re-open.

Response: Accept in Principle

A number of organisations are responsible for the enforcement of health and safety depending on the type of workplace and/or premises. We have expanded the

membership of our Shadow Social Partnership Council due to the Coronavirus pandemic. Health and Local Authorities are represented, as well as partners across the public, private and third sectors and trade unions, ensuring that we are working together in Wales' response to the pandemic.

Recommendation 23. If the Minister has not already done so, he should discuss with the UK Government how the additional HSE funding can be used to enforce workplace safety measures in Wales. If these discussions have been held already the Welsh Government should inform the committee of the outcome.

Response: Accept

The Department for Business, Energy and Industrial Strategy has advised the Welsh Government that HSE has assured it that it has the capacity to manage the impact of new guidance

Recommendation 24. The Welsh Government should update the Committee on its thinking around guidance for social distancing on all modes of public transport. Particularly how the guidance which will apply in Wales will be developed, and by whom, and how it will relate to UK Government guidance, including the Department for Transport guidance referred to by the Minister in Plenary. When will this guidance be in place in Wales?

Response: Accept

We published our [Restarting public transport: guidance for operators](#) on 22 May. We are continuing to follow the science, and if the science changes and if our actions need to change, then we will take those actions in line with the emerging evidence.

Recommendation 25. Welsh Government should inform the committee of its assessment of the current availability of buses and trains in Wales, whether this is sufficient to ensure effective socially distanced public transport services can be provided and give details of any action being taken to ensure there is sufficient capacity.

Response: Accept

We are meeting regularly with CPT Cymru which represents bus operators in Wales to understand trends in demand, levels of service, and the operational challenges in matching the two while allowing for social distancing. Detailed demand and operational information is being collected from operators to inform arrangements during the current funding period and how services could be delivered in the future. We are also trialling innovative approaches including demand responsive transport through Transport for Wales' fflecsi service.

In respect of Rail, Tŷŷ Rail Services are progressing plans to increase service frequency to 85% of the timetable from this month with a focus on inter-city connectivity at peak times. The 85% figure should provide for an increased number of carriages during peak time, and ensure staff availability should some staff need to self-isolate due to Covid-19. This approach will provide resilience and maximise the capacity of services whilst maintaining social distancing requirements.

Recommendation 26. The Welsh Government should provide the Committee with more information on the basis for the £250 million per annum estimated additional funding highlighted by the Minister, including how this figure was reached and the split by mode. The Committee would also welcome an update on how this additional funding will be secured.

Response: Accept

To maintain current levels of bus services would continue to cost the Welsh Government around £23m in the next quarter, and provide around 30% of services that are currently being operated – so around 3-5% of normal capacity. This option would not result in any additional capacity being provided and would exacerbate existing capacity constraints which are already resulting in people being left at bus stops. Data suggests that overall numbers in Wales were around 15% of normal patronage so there would be no capacity for additional journeys.

Increasing services to as close to 100% as possible as soon as possible (which is likely to be initially 80-85% because of vulnerable driver shielding) would cost around £50-60m per quarter (so an additional £80 – £120m per annum) in total and would deliver around 2-3 times more capacity by than current service levels (with 2m social distancing).

Under the Rail Franchise the cost of operating the Wales and Borders Network is approximately £350m per annum. Usually around half of this cost is covered from passenger revenue, which as a result of Covid-19 has now fallen by over 95%. Consequently an additional £175-£180m (depending on revenue) would be needed to maintain the current provision of rail services on the Wales and Borders Network.

Recommendation 27. The Welsh Government should inform the Committee of the latest position on the Bus Services Wales Bill and what contingencies are being discussed if there is insufficient space in the revised legislative timetable for the Bill

Response: Accept

I wrote to the Presiding Officer on 15 July to notify her that I was withdrawing the Bus Services (Wales) Bill in accordance with Standing Order 26.79.

The challenges the Welsh Government is facing in delivering its legislative programme because of Covid-19 and EU transition, compounded by the impact of

the pandemic on the bus industry, mean that the First Minister and I have agreed to withdraw the Bill.

Bus Reform remains a high priority of Welsh Government and I am giving urgent consideration on how we take that forward, whether through a Bill or other means.

Recommendation 28. The Welsh Government should provide an update to the Committee on the re-profiling of the loan to Cardiff airport, including which of the improvements it was originally earmarked to fund will be put on hold and how it will be used instead, as well as whether any other short-term funding is likely to be needed to support the airport.

Response: Accept

As the Welsh Government is the sole shareholder of Cardiff Airport, we have agreed to provide finance to the airport, by varying its existing agreed commercial loan facility, to support the airport's reduced operations and to maintain solvency. This is not new or additional money, and forms part of the £21.2m commercial loan facility which we agreed in 2019.

The finance to support the business in the short term has been offered to the airport on a higher rate of interest than the initial loan, to ensure state aid compliance. We recognise that the loan finance being made available to the airport is only a short-term solution and that a longer term solution now needs to be identified to support the significant impact that COVID-19 is having on the aviation industry as a whole.

The 2019 loan agreement was designed to be flexible in nature and allows Cardiff Airport to use the money for a range of activities, to ensure it is well placed to continue investing in areas like the airport buildings and infrastructure, its route development, and necessary upgrades to maintain regulatory compliance with changing standards in baggage screening and border security. Whilst this remains true, circumstances have clearly changed in light of the pandemic, and any future capital investment will be restricted to necessary upgrades to maintain regulatory compliance including vital re-starting infrastructure in order to operate the terminal as the nation continues to come out of lockdown. It is the UK Government's Department for Transport that is responsible for setting the mandatory regulatory requirements for airport security, which includes ePassport gates.

In addition to the original £21.2m loan, consideration was being given to an additional tranche of £6.8m. COVID-19 has brought unprecedented changes to Aviation industry businesses, including Cardiff Airport, which has resulted in the airport needing to revisit its entire funding strategy. Crudely that means the idea of a further £6.8m tranche is out of date and needs to be subsumed into a broader consideration. Officials are working with the Airport to understand what the new funding requirements are likely to be and how it is most effectively provided. This will include any necessary regulatory expenditure.

Recommendation 29. The Welsh Government should provide the Committee with the criteria local authorities were given to develop proposals to ensure authorities took a similar approach in developing proposals.

Response: Accept

Attached is the letter that was issued to Local Authorities.

Recommendation 30. The Welsh Government should provide the Committee with further details on uptake of the invitation including how many applications were made and geographic uptake.

Response: Accept

We received a total of 209 proposals for measures from all local authorities in response to the invitation for expressions of interest. The Deputy Minister has provided the following [written statement](#). A full list of successful schemes by local authority can also be found at <https://gov.wales/local-council-sustainable-transport-measures-allocation-funds>. Below is a regional breakdown;

North Wales: 71 bids
South East Wales: 106 bids
South West Wales: 22 bids
Mid Wales: 10 bids

Recommendation 31. The Welsh Government should provide the Committee with details of how proposals will be assessed, including the criteria.

Response: Accept

It was made clear to Local Authorities that among the measures they were offered funding for they needed to prioritise delivery of schemes which could begin immediately and delivered within three to four months, and which were likely to have the biggest impact in their local authority areas, as well as schemes particularly targeted at enabling safe pedestrian and cycling access to schools.

Schemes that had either previously been submitted for funding under our normal grant mechanisms were excluded from the funding. There were also a number of schemes that required revenue funding, which was outside the scope of the application and revenue elements were not supported.

Recommendation 32. The Welsh Government should work with providers to ascertain how many apprentices have been furloughed or lost their jobs and publish this information on an on-going basis.

Response: Accept

With the onset of lockdown, we put in place requirements for contracted providers to submit information on the numbers of apprentices that have been furloughed and the number being made redundant. This information has been provided on a fortnightly basis outside of the established data collection system for providers (the Lifelong Learning Wales Record). Whilst we will not be able to apply the same level of quality assurance as with official statistics, this data will provide valuable information on how employers are responding to this crisis. We will publish this data as management information on the 'statistics and research' area of the Welsh Government website, outlining relevant trends in employer. When furloughing ceases, we will continue to publish management information on apprentices being made redundant

Recommendation 33. The Welsh Government should share with the Committee the number of redundant apprentices for whom providers were unable to find a new placement and who have either been moved onto employment support programmes or are no longer in any training.

Response: Accept

Where an apprentice is made redundant the provider must endeavour to find alternative employment. We recognise that there can be a delay between an apprentice being made redundant and the provider finding an alternative employer, particularly in the current environment. Nonetheless, our providers should make best endeavours to minimise disruption for the apprentice and seek to ensure that the apprentice's qualification aims continue to be met.

As a minimum, we would expect the provider to support an apprentice who is made redundant by:

- continuing to deliver as much off the job training as possible
- contacting other relevant employers they work with to see whether any other suitable vacancies may be available;
- contacting other providers to see whether any other suitable vacancies may be available;
- referring the apprentice to Careers Wales for advice on their possible options; and
- referring the apprentice to the Apprenticeship Matching Service to see whether any suitable vacancies are advertised.

The provider may also identify other actions which are appropriate to support a redundant apprentice, e.g. Jobs Growth Wales opportunities, although the primary focus should be to enable the apprentice to continue the apprenticeship.

For the period redundant apprentices are seeking to secure alternative employment, they can receive an Exceptional Training Allowance of £50 per week via their provider. This is currently in place for up to 13 weeks.

In terms of numbers of apprentices being made redundant, management information submitted by providers will be published on the 'statistics and research' area of the Welsh Government website (see recommendation 32). This will include those being

supported by their provider according to the points above. Formal returns on apprentices for whom the provider was unable to secure a new placement are provided via the Lifelong Learning Wales Record (LLWR). We will explore the possibility of publishing provisional LLWR data as part of the proposed analysis management information. Final LLWR data will be published as part of the official statistics for the work based learning sector in February 2021.

Recommendation 34. The Welsh Government should provide the financial details of the new funding arrangement for training providers to the Committee. This should include how much providers will now receive against what they would have normally expected to receive.

Response: Accept

During March, providers closed their learning centres for face to face delivery due to Covid-19 until further notice. This move prevented the delivery of classroom and workshop based learning; additionally the closure of many employers meant that significant numbers of learners who had not been made redundant, were working from home or furloughed, meaning providers were unable to undertake face to face assessments. It was also anticipated that the majority of employers would seek to delay apprenticeship recruitment over this time.

Providers are paid against activity. Unlike the approach taken in by the UK Government, it was deemed that continuing to pay providers on the basis of significantly reduced activity would result in financial instability for providers. This would impact on the ability of the network to support existing learners during lockdown and as lockdown eased.

In light of this, a decision was taken to temporarily move away from a funding system based on actual delivery and replace it with a system of average payments based on each provider's recorded delivery for the eight month period from August 2019 to March 2020 (as this was deemed to be the best indicator of how the provider would have delivered for the remainder of the year). The first average payment was made in May in lieu of activity for April.

Providers are awarded annual contract values for the Apprenticeship and Traineeship programmes. The proportion of contract value that each provider draws down against activity varies from year to year. This is due to changes in apprenticeship priorities (as indicated by the Regional Skills Partnerships (RSP)) and changes in demand. It is therefore impossible to accurately determine how much funding a provider would have received had the Covid-19 pandemic not occurred. However, it is possible to *estimate* how much funding a provider might have received (all other things being equal) based on what proportion of their Apprenticeship and Traineeship contract value they have historically utilised. However, this approach must be considered as a rough estimate as it does not reflect the fact that very few providers were on track to deliver the 2019/20 contract value earmarked to support RSP priorities.

The tables below identify the amount of funding that each provider will receive in relation to its 2019/20 Apprenticeship and Traineeship contract (if applicable). This funding includes the payments for actual delivery from August 2019 to March 2020 and the average payments from April 2020 to July 2020. This figure is compared to the *estimated* funding that a provider might have received had it delivered in line with its average performance over the past two years. However, as mentioned above, even without the intervention of Covid-19, the estimated funding for the Apprenticeship programme is likely to be overstated.

Estimated Impact of Average Payments on Provider's 2019/20 income: Apprenticeships

Provider*	Total 2019/20 Income (including average payments)	Based on historical spend - Estimated 2019/20 Income
ACORN LEARNING SOLUTIONS LTD	6,345,674	6,573,879.82
ASSOCIATED COMMUNITY TRAINING LTD	13,813,912	14,289,564.95
BABCOCK TRAINING LIMITED	3,279,102	3,201,473.60
CAMBRIAN TRAINING COMPANY LTD	4,504,765	4,774,285.46
CARDIFF AND VALE COLLEGE	7,359,628	7,325,221.21
COLEG CAMBRIA	7,296,730	8,239,033.18
CONSTRUCTION INDUSTRY TRAINING BOARD	5,292,199	5,055,738.72
GOWER COLLEGE SWANSEA	6,237,113	6,936,998.70
GRWP LLANDRILLO MENAI	9,024,845	9,490,985.23
ISA TRAINING LIMITED	1,661,112	1,615,601.88
ITEC TRAINING SOLUTIONS LTD	5,290,411	5,630,062.13
MARR CORPORATION LTD	4,056,727	4,013,164.90
NEATH PORT TALBOT COLLEGE (SKILLS ACADEMY WALES)	9,897,059	10,153,754.23
PEMBROKESHIRE COLLEGE	10,482,316	11,238,713.84
PEOPLEPLUS GROUP LTD	2,502,760	2,492,127.56
THE CAD CENTRE (UK) LTD	1,249,597	1,159,737.24
TORFAEN TRAINING (PART OF TORFAEN COUNTY BOROUGH COUNCIL)	2,944,391	2,871,665.68
TOTAL	101,238,343	105,062,008

* Excludes Vocational Skills Partnership (VSP) as this provider's contract value was terminated as at 31 May 2020

**Estimated Impact of Average Payments on Provider's 2019/20 income:
Traineeships**

Provider	Total 2019/20 Income (including average payments)	Estimated 2019/20 Income (based on historical spend)
ASSOCIATED COMMUNITY TRAINING LTD	13,427,087	14,041,590
COLEG CAMBRIA	802,438	521,229
GRWP LLANDRILLO MENAI	1,346,208	1,169,891
ITEC TRAINING SOLUTIONS LTD	3,994,918	3,829,598
NEATH PORT TALBOT COLLEGE (SKILLS ACADEMY WALES)	2,036,656	1,864,764
PEMBROKESHIRE COLLEGE	1,716,031	1,499,205
PEOPLEPLUS GROUP LTD	4,563,596	4,485,734
TORFAEN TRAINING (PART OF TORFAEN COUNTY BOROUGH COUNCIL)	486,802	275,530
TOTAL	28,373,737	27,687,542



MA-LW-1453-20

Local Authority Leader

7 May 2020

Dear Colleague,

Expressions of Interest for local sustainable transport measures in response to Covid19

We are currently experiencing unprecedented changes that affect all aspects of our lives, and transport, across all modes, is particularly affected. With the restrictions imposed, we have seen large reductions in motorised traffic on all parts of the road network, much reduced patronage of buses and trains, high levels of home working and, so far anecdotally, higher rates of walking and cycling, both for essential journeys and for daily exercise. For the sake of the air we all breathe and the world's climate and public health we need to try and lock in this mode shift to active travel modes and reduction in car use that we are currently experiencing.

You will have seen examples from towns and cities across the globe, such as Milan, Berlin, Paris and Brussels and the action they have taken to achieve this. I am writing to you to seek expressions of interest from local authorities across Wales to introduce similar measures to ensure the safety and reliability of sustainable transport modes during and following the Covid 19 crisis. These should not be limited to larger urban areas, as the same principles apply in smaller towns in rural areas. We are looking for low cost high impact imaginative measures that can be introduced rapidly as well as schemes that will promote sustainable forms of travel. They can be experimental and can be tweaked if they are not quite right from the start. In situations like these, it is important not to let the perfect be the enemy of the good.

There are two main reasons why we want you to seriously consider which measures could be taken in your areas to benefit public transport and active travel modes.

Firstly, we want to protect public health and safety. There is an expectation i social distancing will need to be observed for many months to come. The space available on footways and shared use paths is often wholly insufficient to allow safe passing distances, with additional pressure on the available space from queues outside shops and at bus stops. As a result, pedestrians and cyclists are frequently forced to step or ride into the

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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.

carriageway to avoid close passing. Whilst this is largely possible with current traffic volumes, it is already problematic for many. For example, it will become extremely unsafe when traffic volumes increase for those with reduced mobility or young children.

Secondly, we want to address potential increases in car use. There is a high degree of uncertainty regarding the public's willingness to use public transport modes once restrictions are eased. There is already evidence from China which showed much reduced public transport use and significant increases in car use. There is therefore a high risk that, if no action is taken, we will see even greater percentages of journeys being undertaken by car in Wales in the future. This would clearly go against the policy direction we want to achieve across Government and lead to negative impacts for people, society and the environment. We therefore need to use the current reduction in volumes proactively to create conditions that make non-car modes safe and convenient.

The Minister for Economy, Transport and North Wales, and I therefore invite initial expressions of interest for funding for 'pop-up' measures in your area. In the first instance this will include temporary low-cost solutions to reallocate road space in favour of sustainable forms of transport. These can include, but are not limited to initially temporary measures such as the following:

- Footway widening, by using carriageway width
- Road closures, with modal filters for cyclists
- Lane closures, or one-way systems with counter flow for cyclists
- Temporary parking removal or restrictions, including loading bays
- Cycle lanes and tracks - using segregation or soft segregation
- Decluttering of footways, e.g. by consolidating signs; removal of guard rails.
- Temporary new crossing facilities
- Bus lanes, bus gates and bus only roads
- Bus based Park and Ride facilities, as well as Park & Share and car sharing lanes (with car sharing to be used once social distancing measures allow)
- Enhanced waiting facilities at key stops and bus stations, including facilitation of social distancing
- Real time information systems, including occupancy levels
- Infrastructure to enable enhanced cleaning regimes on public transport
- Parking enforcement, in particular on active travel routes
- Measures to reduce traffic speeds,
- 20mph limits, trialling the exception methodology for the planned introduction of default 20mph speed limits

For measures aimed at improving walking and cycling, you should prioritise routes that are part of your existing or planned active travel route network, in particular routes to schools. We envisage that a package approach combining different measures is likely to be most effective. Whilst we expect many measures to be temporary or experimental initially, the expectation is that where they are effective, these will be introduced on a permanent basis.

A template for the initial expressions of interest with anticipated costings is attached to this letter and needs to be returned to transportplanning@gov.wales by 21 May 2020 to allow us to gauge the overall funding requirement. We are not expecting detailed proposals about schemes at this stage but will require an explanation on the type of interventions to be introduced. We will then seek additional information as required before considering the proposals further. We are aiming for a swift turnaround with confirming if funding is available and envisage measures to be introduced from early summer.

I appreciate that you are still awaiting the outcome of some of the regular local transport grant funding rounds for 2020/21, which have been held up due to the Covid emergency response. We will inform you of the outcome as soon as possible.

Yours sincerely,

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

Lee Waters AM

Dirprwy Weinidog yr Economi a Thrafnidiaeth
Deputy Minister for Economy and Transport