

## Welsh Affairs Committee

### Oral evidence: [One-off session with the First Minister of Wales](#), HC 858

Wednesday 30 November 2022

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Members present: Stephen Crabb (Chair); Simon Baynes; Virginia Crosbie; Wayne David; Geraint Davies; Ruth Jones; Rob Roberts.

Questions 1 - 35

#### Witnesses

I: Rt Hon Mark Drakeford MS, First Minister of Wales, and Desmond Clifford, Director of the Office of the First Minister, Welsh Government.



## Examination of witnesses

Witnesses: Rt Hon Mark Drakeford MS and Desmond Clifford.

**Q1 Chair:** Good morning and welcome to this session of the Welsh Affairs Committee being held in the House of Commons. We are delighted to be joined this morning for a one-off evidence session by the First Minister of Wales, the right hon. Mark Drakeford MS. Good morning, First Minister. We always appreciate the time that you give to this Committee. It is very good of you. You are obviously under no obligation to meet with us, but we do appreciate your engaging with us and helping in some of our ongoing inquiries into various issues in Wales.

I will start, First Minister, by asking you for a few reflections on the period that we have gone through. It has been a period of extraordinary political turbulence at this end of the M4, with changes in Prime Minister. We have also been through an extraordinary national moment following the death of Her Majesty Queen Elizabeth. From your perspective, First Minister, has very much changed at all when you think about Wales's place within the Union and the future of the United Kingdom?

**Mark Drakeford:** I think that the future of the United Kingdom is more at risk today than at any time in my political lifetime, but that is not a conclusion I have come to just in the last few weeks; that is a conclusion that stretches back beyond that.

Some of the ONS material that you saw published yesterday throws a really interesting light on the state of the Union. You will have seen that the percentage of the population in England who identify themselves as being British has collapsed in a decade to a very minority position, and a strong growth in people who identify themselves very clearly as English. That tells us something about the way in which people's identification across the United Kingdom has changed in the last 10 years, and similar things are reflected certainly in Wales.

I hope that with the latest UK Administration we will be able to re-establish better working relationships than have been possible since 2019, and that that will itself have a positive impact on creating the case for the United Kingdom, which I believe to be a strong case, but one that does not get sufficiently articulated.

**Q2 Chair:** Thank you for that answer. I am assuming you have just had the one conversation with the new Prime Minister. Were you encouraged by how quickly he phoned you and you got a call arranged? Do you get a sense from the new team at No. 10 that there is a seriousness of purpose when it comes to looking at these issues about the future of the Union?

**Mark Drakeford:** I certainly think there is a change in atmosphere. The fact that the Prime Minister chose to make a phone call to the First Ministers of Scotland and of Wales on his first day was clearly deliberate and intended to send a signal. I was very pleased that the Prime Minister found the time to attend the British-Irish Council later that month. I



discussed that with him in my very first call. Again, I thought that sent a powerful signal of his own commitment to a series of collective and bilateral relationships across the islands that make up the British-Irish Council, and the fact that there was an opportunity to have a follow-up bilateral with him while he was in Blackpool—all of those are good signs. They all need to be followed up, they all need to be embedded in reliable machinery of government, but I want to be optimistic about the prospects for a better, more constructive relationship with the latest Administration and, if I could say so, Chair, a return to normality. We had engaged relationships with Conservative Governments from 2010 to 2019. We did not agree on many things, of course, but we were always around the table together talking. The exception in this 20-year rule is the period from 2019 to earlier this year. I am looking for a return to the way things normally have been conducted.

**Q3 Chair:** Thank you very much; that is helpful. I will move on to some specific topics that we have been looking at. Since we last met with you, First Minister, there has been a joint Welsh Government-UK Government announcement about a freeport bidding process for Wales. I am not going to ask you for comments on any of the specific bids, but clearly the Welsh Government would have had some thoughts and maybe even red lines about what it wanted from a freeport bidding process. What is your aspiration for what a freeport could deliver for Wales? What are you looking for this policy lever to do for Wales?

**Mark Drakeford:** You are right; we did have a number of really important preconditions to us entering into an agreement with the United Kingdom Government on a freeport for Wales. We would not have signed up to a proposition that did not guarantee environmental rights and did not guarantee no diminution in employment rights, nor would we have signed up to the Treasury's original proposition, which was that a freeport in Wales would have been funded considerably less generously than a freeport in England.

The agreement on freeports is one of the better spots in intergovernmental relations in the post-2019 period and, if I could say so, I think it relied very heavily on the commitment of the Secretary of State involved in conducting those negotiations. That was Michael Gove. As a result of a very considerable period of discussion, we were able to come to a joint agreement and therefore we have published a joint prospectus. Bids closed on 24 November and now officials from the UK Government and the Welsh Government will jointly appraise those bids before putting any propositions to Ministers. We remain optimistic that we will be able to make an announcement on that when the early spring of next year arrives.

In what has not been the happiest of periods, that, I think, is genuinely a set of discussions that show that agreement is possible where there is genuine political commitment on both sides. What we will look to do now is to assess those bids against the prospectus. The prospectus, as you



know, looks for a freeport in Wales that will secure a range of different benefits that will help us to invest in the renewable energy future of Wales. We know that, if we are to do that, then significant port infrastructure and port investment is needed, which will have a genuinely beneficial impact on the economy of that area itself and will exploit the natural advantages that Wales has. Wales has a number of ports that offer unique natural advantages for that maritime-type activity. We will assess the bids against the prospectus, do it jointly and come to a joint decision.

**Q4 Chair:** Does that mean the Welsh Government have a veto on which site will be the successful one?

**Mark Drakeford:** That is not how we would approach it. I don't think either side is coming to the table looking to play a veto card. What we are looking to do is to continue the joint approach that we have developed. The bids will be assessed not by Ministers in the first instance, but by our civil servants here. I know they will scrupulously weigh up the competing merits of different places. I am hopeful that we will continue in the consensual way that we have been able to approach this to date.

**Q5 Chair:** That is helpful. The Committee recently took evidence from the Crown Estate, the Energy Minister, different ports and potential offshore wind developers about the potential for a new floating offshore wind industry in the Celtic sea, which would obviously have benefits for Wales. It was extraordinary the alignment between all the different parties about the scale and size of the opportunity for Wales. Is that something that has come across your desk, First Minister? Are you aligned with that vision that we have previously heard about?

**Mark Drakeford:** Very much so. The Welsh Government are entirely committed to the notion that renewable energy is one of the major contributions that Wales can make to global needs in the future, and in doing so, to secure economic prosperity in parts of Wales—particularly some parts of Wales where, because of their geography, it has been more difficult to secure investment and to create opportunities that keep young people and others in those parts of Wales. It is a huge opportunity from our perspective. It goes beyond floating offshore wind, but it absolutely does include that.

We work with the Crown Estate and are glad to see that it has published its own prospectus for leases that it will look to let in the Celtic sea. I think the more certainty and the more detail that the Crown Estate is able to provide about that, the more certainty investors will have. Investment is coming to Wales. We should be optimistic about that. Statkraft, the renewable energy arm of the Norwegian sovereign wealth fund, opened an office in Cardiff this year. EDF, the big French renewable developer, has confirmed that it will open its office in Wales next year. To quote an Irish Minister in a meeting that I held when I was over in Cork and Dublin last month, there is a wall of money waiting to be invested in



this industry if we can get the conditions right and if we can attract that investment to Wales.

**Q6 Chair:** Absolutely. One of my colleagues on the Committee wants to ask you about the Welsh Government proposals for an energy company, but you mentioned Statkraft, First Minister. I know you visited Statkraft's headquarters in Norway last year. Do you see Statkraft as the model for the Welsh nationalised energy company that you want to create?

**Mark Drakeford:** We draw on some of the things that we learn from our contact with Statkraft. Our renewable energy developer will be a great deal more modest in its early days than anything Statkraft is able to do; Statkraft is a giant global developer with huge investment because of the way that Norway has used its oil opportunities. But in the sense that Statkraft goes about its development with the Norwegian public interest, rather than the generation of private profits, at the heart of what it does, then there are some basic things that we take from that model that we will look to try to put at the heart of the development company that we plan to be part of the landscape here in Wales.

**Q7 Chair:** Let me ask you a final question before I bring in my colleagues, First Minister. You will no doubt share our disappointment with last night's result in Qatar. Will you now be supporting Marcus Rashford and the other English boys to go all the way? Who will you be cheering on now?

**Mark Drakeford:** Chair, I think we ought to allow ourselves a day—just a day—to get over our disappointment before we form any other alliance in the tournament.

**Chair:** A very good answer. Thank you.

**Q8 Ruth Jones:** Good morning, First Minister. It is good to see you and thank you for your time. My constituency of Newport West runs alongside the M4 Brynglas tunnels. You will be well aware that the Burns commission published its results in November 2020 and then the Hendy Union connectivity review published its results in November 2021. In terms where the Welsh Government are coming from, what progress has been made in getting rail and road all linked up together? Obviously, I want to see progress as quickly as possible.

**Mark Drakeford:** Thank you for that important question. The answer has a number of different dimensions to it. We took the Union connectivity review very seriously because the Burns commission had as its major conclusion that the way to deal with congestion on the M4 around Newport was to strengthen use of the second main railway line that exists between south Wales and into England, and that, because that line is underutilised, it offers real opportunities for new stations to be created and new ways of drawing traffic off the road into convenient and affordable public transport solutions. I know that Lord Burns met directly with Sir Peter Hendy about the review, and we were very pleased indeed to see that development of the second main line prominently reported in



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the Union connectivity review as one of the real opportunities and one of the opportunities that lay closest to hand in strengthening connectivity across the Union.

That was all very good news. We were heartened that in the immediate aftermath of the publication of the Hendy review, some modest but important investment came from the UK Government to allow the Burns commission proposals to be developed further and detailed work to be done on them. The less good news is that as far as I can tell, that is where the process has come to—not to a halt, because that development work is going on, but there has been almost no indication of what will follow beyond it.

I will make two points on that. First, I think this is just a casualty of the chaotic nature of the UK Government during the whole of this calendar year—the very rapid turnover of Secretaries of State for Transport and the fact that the focus of the UK Government has been on preserving whoever was Prime Minister at the time, rather than having the energy to invest in these wider and very important projects.

Secondly, I do think it is a genuine test of the point the Chair made in his opening questions. A UK Government that establishes a Union connectivity review I think has an obligation to demonstrate that it will follow up the actions it has taken with the investment that is needed to strengthen the links between different parts of the Union. For me, that would be a powerful signal to people in Wales as to the benefits they get from being part of that greater whole.

Now that we hope to have greater stability at the UK level, I think there is a very important set of obligations for the new Secretary of State to return to the Union connectivity review and to demonstrate that the UK Government is serious about the investment that is needed, particularly in rail services around Newport, both to strengthen connectivity across the component parts of the United Kingdom and to allow us to demonstrate that the practical proposals of the Burns commission are being taken forward together.

**Q9 Ruth Jones:** Obviously there are lots of questions to follow, but I will be brief because the Chair is looking at me. Let me move on to Nexperia and Newport Wafer Fab. I understand completely that national security is a UK matter, but in terms of economic development, the Welsh Government have been supportive in the past with financial aid. Are there any thoughts at the moment in terms of actions from the Welsh Government?

**Mark Drakeford:** I do not think that we are at that point. You are absolutely right that we do not have any national security responsibilities, nor do we have any insight into the reasons why the UK Government came to the conclusion that they did.



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What I think has become much clearer in the aftermath of the decision is that the sale of the company is not going to happen quickly—we are talking years rather than months—and that the investment that will be needed to move the successor to Nexperia from a plant manufacturing chips for Nexperia’s customers to one making other semiconductor products for a new owner is likely to take many hundreds of millions of pounds. This is a very consequential decision that has been made, and BEIS will now have to help to deal with the consequences of that decision.

Obviously we were pleased to see that the disinvestment order recognised the strategic importance of that site to the United Kingdom. You are right that the Welsh Government have invested in creating the conditions that have allowed that semiconductor cluster in south-east Wales to grow in the very significant way that it has, but the issue of Nexperia and how the transition to new ownership is to be supported I think is a matter for the UK Government, given that they made the decision in the first place.

**Q10 Ruth Jones:** My final question is about Gwent Police. I know this is not a devolved matter, but the Leader of the Opposition in the Senedd has made some strong comments about Gwent Police and in particular the chief constable. What are your views on that matter?

**Mark Drakeford:** I think the first thing anybody would want to say is just how shocking the revelations about the culture in some parts of Gwent Police has been. I think that is common ground among us all. I differ from the Leader of the Opposition here in his reaction to it. I worked very closely with the chief constable of Gwent, Pam Kelly, during the coronavirus experience. As I do not need to tell you, Ruth, Gwent Police polices the border between Wales and England, and that border was often a contentious matter during covid.

In my direct dealings with Pam Kelly as chief constable, I formed a very high opinion of her competence and her commitment to the job. I think politicians ought to express our strong support for her in the work that she now needs to do to ensure that the culture of policing in Gwent is very different from the one that we have seen in those recent reports. I think she is very well placed to do that. She is a woman who has risen through the ranks of policing to become a chief constable. She will know more about misogyny than I or the Leader of the Opposition here in the Senedd will ever do. I intend to offer my strong support to her in the challenging responsibilities that she has, because I recognise both her personal commitment to doing that and the qualifications that she brings to that challenging job.

**Ruth Jones:** Thank you very much for your time, First Minister.

**Q11 Rob Roberts:** Thank you, First Minister, for giving up your time this morning. It is good to see you again. You were talking to the Chair earlier about the publicly owned renewable energy company that is planned. I





am interested whether you are aware at this point what the projected costs of that will be. The Minister, Julie James, mentioned that the benefits would be significant towards the end of the decade. What does "significant" mean?

**Mark Drakeford:** It is very important to explain to Members that we are approaching the renewable energy developer for Wales in a staged way. We are not committed to costs beyond the next phase of its development, and at every phase we will ask ourselves whether this investment is going to pay off in the way that we believe that it will.

To rehearse the history for a moment, the history of onshore wind development in Wales has been that the public purse pays for an enormous amount of the preconditions that are necessary before you get to the stage where energy is generated. When a developer seeks to develop an onshore wind farm it requires all sorts of permissions. Those permissions are generated by a public authority, and the public invests a large amount of money in getting those permissions and getting the development to happen.

Does the public then get a return on that investment? We think it does not always get the return to which the public is entitled, because once planning and other permissions are granted, what happens is that a private developer comes and the profits that are made through the activity on that land are taken into those private companies, which, as I have explained, are most often headquartered outside not just Wales, but the United Kingdom.

In having a renewable energy developer ourselves focused first on the development of onshore wind at Brechfa Dau, which is a site in Carmarthenshire, we believe that the taxpayer will get a direct return for the investment that the taxpayer makes, but we will review it at every stage. There will come a stage, I am sure, where we will want to work alongside a private developer—a partnership with another developer—to complete the full potential of that site.

That is why Julie James will have said to you that we would not expect to reap a return on the investment until the end of the decade, but we are confident from all the analysis that we have done so far that retaining a direct public interest in that development will give the public, whose money makes all this happen, the confidence of knowing that they will get a return from the money that they are putting up for it.

Q12 **Rob Roberts:** I appreciate that comprehensive response. We only have a short period of time each and I have three or four more questions that I hope we can get some brief answers to.

You will perhaps be aware that we are holding an inquiry into broadcasting in Wales, and we recently took evidence from Guto Harri. He told us, based on his very extensive experience, that he felt that the media in Wales is not nearly as challenging to the Welsh Government as





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the Westminster media is to the Government here. You were at pains during the covid restrictions to say that the Prime Minister does not speak for Wales and that the decisions were yours. Is Mr Harri right? Are we avoiding an inquiry into covid decisions in Wales because you are aware that coverage of any UK inquiry will focus on Westminster and the Welsh Government will avoid scrutiny altogether?

**Mark Drakeford:** First, Mr Harri is not right. Secondly, I have direct assurances from the Prime Minister of the time that the inquiry will focus on Wales. I am very encouraged by the fact that the chair of the inquiry, Baroness Hallett, made her first visit outside London to come to Wales and has met with Welsh families, and that the inquiry website has all its material in Welsh as well as English. I do not share the doubts that you express about the effectiveness of the inquiry and its willingness to ensure that it shines a light on all the decisions that were made here in Wales and to offer people the explanations and the insights that they are looking for from that inquiry.

Q13 **Rob Roberts:** I appreciate the answer. I understand the points that you make and I do not disagree that the report will undoubtedly be comprehensive. My question was more whether you think that the coverage in the media will shine a light, rather than focusing just on Westminster.

**Mark Drakeford:** I think there has been extensive interest, certainly by Welsh media—and I am probably a good deal closer to it than Mr Harri has been—in the actions of the Welsh Government. I welcome that. I hope it will continue. One of the things that the whole covid experience did was to make media outlets beyond Wales far more interested in things that happen outside London. Actually, I think the impact of covid has been the opposite: it means there has been far more coverage of Wales and of Scotland than would otherwise have been the case.

Q14 **Rob Roberts:** Moving on slightly, some of my colleagues are going to ask shortly about the autumn statement and finances. I want to touch on that from the point of view of local authority funding. Do you believe that the measures in the autumn statement are going to have a marked impact on how the Welsh Government allocate funds to local authorities?

**Mark Drakeford:** Funding of local authorities is always one of the key priorities for us in our budget setting. It is why local authorities in Wales have been so much better treated than local authorities in England over the last decade. Local authorities had a very significant uplift in their funding in the current financial year.

We are in the process of finalising our draft Budget. It will be published on 13 December. I cannot offer the particular details of it until it is published, but I can definitely offer an assurance that local authorities and the services that they provide continue to be at the top end of the list of things that we look to support through the budgets that we are able to make available to them.



**Q15 Rob Roberts:** Up in Flintshire we are 20th out of 22 for per capita funding every single year. Some of the others, who are in the top three every year, have significant unallocated reserves—more than £150 million in some cases—yet they seem to get the highest settlement every year. Is that still a fair way of doing things?

**Mark Drakeford:** The level of reserves that a local authority holds is not taken into account in the formula that drives the money that goes to local authorities in Wales. The formula is agreed with Welsh local government. I always say that if Welsh local government wish to come to me with proposals for change, then of course we will be prepared to discuss those proposals carefully with them.

The question of reserves is separate, but it is important. The headline figure often disguises the fact that some local authorities at different points over a decade will be holding reserves earmarked for specific purposes, but that is not the whole of the explanation. Reserves have risen during the covid period. As local authorities look forward to next year and a very difficult year financially, I would expect them—as we do in the Welsh Government—to use the reserves in order to be able to do the very important things that they do on behalf of their communities.

**Q16 Wayne David:** Good morning, First Minister. I want to ask, to begin with, a couple of questions regarding the Sewel convention. That convention is the mechanism by which the UK Government are able to introduce legislation in devolved areas applicable to Wales, in this case. The Welsh Government's Counsel General and Minister for the Constitution has been extremely critical of how the convention is working, and he has said—I quote him exactly—that it is the biggest constitutional issue facing Wales. What is your feeling on how the convention is or is not working and what co-operation there is or is not with the UK Government on this matter?

**Mark Drakeford:** The Sewel convention is not working. Again, history is a bit instructive. For nearly 20 years the Sewel convention was observed by all Governments, including Governments of different political persuasions. The convention is there to ensure that when a UK Government have legislative proposals that might intrude into devolved areas, they only take those proposals forward where they have secured the consent of the devolved legislature. That convention held. It held in some difficult conversations over the years, as I recall them, but it held. It was respected by successive UK Governments.

It was first breached over Brexit legislation. To be clear, my position is that Sewel should always be respected. I was at least prepared to recognise the argument that if the Sewel convention is one that the UK Government would not normally legislate in a devolved area without consent, there was a case for describing the Brexit circumstances as not normal. I am not conceding the principle, but I am at least conceding that there was an argument to be had in that very specific set of circumstances.



The problem is that ever since, we have seen the UK Government prepared to override the Sewel convention in circumstances that could by no stretch of the imagination be described as not normal. That has brought the Sewel convention into a very difficult place indeed. We need to re-establish the way in which the convention was respected from 1999 to 2019. Because confidence has been lost in it, I am afraid we must go further than that and entrench the way in which the Sewel convention operates. The Welsh Government have put forward some very practical ideas as to how that could be done.

There has been an agreement in a forum where devolved Governments meet with the Secretary of State for Levelling Up, who has responsibility for intergovernmental relations, that some work will be done on looking to see how the Sewel convention could be strengthened. That is going to be led by Sue Gray, the permanent secretary in the Department. I want that work to happen rapidly and I want it to be taken seriously, because if you cannot repair the Sewel convention, then one of the major underpinning props of the devolution settlement has simply been kicked from under it.

**Q17 Wayne David:** What you are saying, basically, is that there needs to be codification and it needs to be set out clearly and legally what the process is and the way in which it applies automatically to all cases.

**Mark Drakeford:** You are absolutely right: codification is what we believe will be most helpful. The UK Government should not act in defiance of a lack of consent in circumstances unless those circumstances are not normal. Codification would mean that the UK Government would have to set out the decision-making process they go through to come to a “not normal” decision. What are the questions they ask themselves? What is the evidence that they assemble? What are the decision-making points that lead them to that conclusion? That material would then be available to the House of Commons and House of Lords so that the legislature can see whether they think the Executive have acted reasonably in coming to that conclusion.

Using a precedent that was established with David Lidington when he was the Deputy Prime Minister in some Brexit legislation, should a UK Government wish to override a lack of consent, then, as well as putting their case in front of Parliament, there should be an opportunity for the Welsh Government—if it was in a Welsh context—to put their case in front of Parliament as well, so that Parliament could come to a conclusion on that matter. That would, at the very least, have two big advantages. It would make the process transparent, because we would all be able to see how the reasoning was carried out, and it would make the decision making not simply arbitrarily in the hands of one player in this process. Codification does not solve every problem, but it certainly goes a long way to make the system better than it is today.

**Q18 Wayne David:** Thank you very much. I will move on to the shared prosperity fund. There has been a lot of focus on the shared prosperity



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fund as a fund that is supposed to be replacing the assistance Wales has had from the structural funds and funds for rural areas. The British Government have said that it is a fair allocation and Wales has had its fair share; however, the Welsh Government have said that the shared prosperity fund is a shortfall compared with the European funding of some £1.1 billion. That is a heck of a lot of money. How do you justify coming to that conclusion?

**Mark Drakeford:** Simply by comparing the figures that the UK Government have published against what we know we would have had, had we remained in the European Union. I do not think the UK Government dispute the figures. In fact, that loss has got bigger since the autumn statement. One of the smaller points that did not get much attention at the time is that the UK Government reduced their planned expenditure in the shared prosperity fund by £400 million in the autumn statement, and Wales will have to take its share of that further reduction.

When you add up what we will get from the shared prosperity fund both in its objective 1 components, as we used to say, and in relation to rural Wales, we are already £1.1 billion less over the period of the shared prosperity fund, and now that amount will get bigger.

Q19 **Wayne David:** Finally, to follow on from that, one of the concerns of local authorities in Wales is that they will have great difficulty spending the money that has been allocated. Is that a concern that you have?

**Mark Drakeford:** It is one of the fundamental ways in which the new system is so much worse than what we have been able to rely on. With European funding you had a seven-year horizon and the funds could be flexed over that period to accommodate large-scale projects. When you must spend all the money in a single year it inevitably drives local authorities to lower priority projects—things that they can manage to spend the money on within the 12-month period.

My greatest regret about the shared prosperity fund, even more than the quantum, is that the money that is in it will not be spent in the best way because the decision-making process drives poor decisions and poor investments just at a time when money is so very short for us all.

**Chair:** Thank you. We must be a bit brisker in both questions and answers. Simon Baynes is going to show us how.

Q20 **Simon Baynes:** It is very good to see you, First Minister, and thank you for sparing the time to come before us. Going back to your point about the British, Welsh, English angle, do you feel to an extent that you, as the Welsh Government, are partly responsible for maybe not creating as strong an impression of being part of a union? You seem to me to be in a slightly paradoxical situation in terms of how you see the world. On the one hand you quite naturally want to talk up for Wales, and so do we all, but in doing so sometimes you overly stress Wales versus the rest of the Union. I would not have said that you were somebody who particularly sung the song of the benefits of the Union. Maybe all of that is unfair, but



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do you not feel that we all have a responsibility to stress and emphasise the benefits of the Union?

**Mark Drakeford:** The Welsh Government are the only other Government in the United Kingdom that are unambiguously supportive of the United Kingdom. It is a point I made to the Prime Minister when I met him. Let me be clear—I say it every time I have a chance: the United Kingdom is better off for having Wales in it, and Wales is better off for being in the United Kingdom. That is my unambiguous position and I sometimes think the UK Government could make more of that.

Q21 **Simon Baynes:** Okay, thank you. Going back to the Chair's question about the relationship between the Welsh and UK Governments, what do you believe is the right level of engagement between the two? Could you give a bit of detail as to what you think is the right frequency of meetings—monthly, termly? Give us a bit more of an idea of how you would like to see that work in the coming months and years.

**Mark Drakeford:** I would settle for implementation of the IGR, the intergovernmental review, which concluded earlier this year. It was brought to a conclusion by Michael Gove. It sets out the frequency with which the three tiers of that agreement ought to operate. There is a council of First Ministers chaired by the Prime Minister that is meant to meet annually. It has met for the first time and I am very glad of that. That is at least annually.

The second tier is the FISC, the financial Ministers' committee, and a meeting of Ministers who oversee. That is meant to meet quarterly. I am afraid it has not, and it has not got back off the ground again post the new Prime Minister's taking office, but let us hope that it will. At the third tier, there are some portfolio-level arrangements between Education Ministers, Health Ministers, Environment Ministers and so on. They might meet more frequently because it is where the detailed work gets done. They are envisaged to meet around monthly or six-weekly.

I would settle for us just making happen what we have all agreed should happen, but which has not been able to get off the ground for all the reasons we have already rehearsed and I will not go over again. Now is a chance to get that to happen, and then we will see. I am very happy to be completely pragmatic about that. We have a set of arrangements we have not tried. Let us try them and learn through trying them. If we need to meet more frequently, we can. If we find we can manage with less frequent meetings—we learn through the process.

Q22 **Simon Baynes:** This morning you have been quite critical of the UK Government, particularly over the past year, which is absolutely your prerogative. If you were to turn the spotlight on your own Government, what are the areas that you could do better in? I think one of the issues that particularly concerns people in Wales is a perceived lack of accountability on the part of the Welsh Government. I think those of us who interact with the Welsh Government sometimes find that there is a



barrier to criticism, if I may put it that way, whereas we operate in an environment here in Westminster where the criticism rains down on the Government, and as a Government supporter that is quite right. I think there should be open accountability. I think that the fluidity of the way in which the Commons is organised so that urgent questions can be put to the Government is very important. Do you really think that the level of accountability in the Senedd is as it should be or do you think that the system could be changed to hold the Government to greater account in Cardiff?

**Mark Drakeford:** I answer questions every week on the Floor of the Senedd. From where I stand, they do not sound un-robust to me. Just as the House of Commons has its system of urgent questions, it is a rare week here where we do not have topical questions that are answered without notice. In the end, though, these are questions not for me but for the Parliament. It is the Parliament here that decides how its time is used and how it scrutinises the Government. I am very committed to robust scrutiny of everything the Welsh Government do, but I am not responsible for the scrutiny. Quite rightly, that is for the Parliament to determine.

**Q23 Simon Baynes:** Fair enough. We have touched on the shared prosperity fund and the levelling-up fund. In Clwyd South I have been successful in securing a levelling-up fund bid, and we are now looking at the shared prosperity fund with regard to both Denbighshire and Wrexham Councils, which my constituency overlaps. It seems to me that it has been very beneficial that UK Government money is flowing into the local authorities, because I feel that the local authorities to an extent have in the past been left behind in terms of how Wales operates, and this puts power, influence and responsibility into the hands of the local authorities.

I also think that the way the shared prosperity fund and the levelling-up fund operates is very beneficial, because it catalyses interaction between organisations, local authorities and others—companies as well—in terms of how those bids are put together and everything else. Do you feel that there is greater scope to devolve more responsibility and activity to local authorities away from Cardiff?

**Mark Drakeford:** Let us be clear: the shared prosperity fund devolves nothing to local authorities, because every decision made about it is made in Whitehall. There is no decision-making role for local authorities in the shared prosperity fund. They are clients of it and they win some and they lose some. I would not agree with the characterisation of either the fund or the way in which it operates.

The more general proposition, however, I would agree with. I definitely believe that devolution does not end in Cardiff at all. There are actually some better examples from the shared prosperity fund. I think the four city and growth deals that we have in Wales would be a better example of where the Welsh Government and the UK Government have been able to work together in a way that has provided both more funding and more





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scope for action to be taken by local authorities working together. The general proposition I sign up to; the specific example I think is the wrong one.

**Simon Baynes:** Thank you, First Minister.

Q24 **Geraint Davies:** It is good to see you, First Minister. I want to ask a few questions on finance. The Chancellor made out in the autumn statement that he would protect the poorest, yet we know that the 10% increase in pensions and universal credit will not happen until April, food price inflation is 17%, and obviously heating costs are roaring up. Given that Wales has been disproportionately hit by 10 years of austerity, because it is older and sicker on average than England, how do you see the impact of the autumn statement on the people of Wales?

**Mark Drakeford:** I think people in Wales are in for a very tough time this winter. I am trying my best here to be as even-handed as I can be in answering questions. I want to say that I welcome the fact that benefits and pensions are to be uprated in line with inflation, because there were moments along this journey when that seemed not to be secure. I am glad of that and the Welsh Government have welcomed that.

But you are obviously absolutely right that those increases do not take place until April of next year, and there is a long and hard winter for families who do not know how they are going to pay their energy bills, food bills and everything else that households must absorb. It is the IFS, not the Welsh Government, that says those families will be £500 worse off this winter than they were last winter, even after benefits have been uprated by that 10%. I think people in Wales are fearful and do not know how they are going to manage through this winter, and those fears have some genuine foundation.

Q25 **Geraint Davies:** People are going to be worse off again before they get the 10%. Obviously the weather is going to get much colder and people are worried about putting their heating on—older people—because they do not know whether they can afford the food. Do you think this will have a disproportionate impact on the NHS and the care system? If local authorities have to close libraries because of other cuts, there will be nowhere for people to huddle in the warm collectively. These are concerns on the ground in Swansea and elsewhere.

**Mark Drakeford:** Our local authorities—but not just local authorities; third sector organisations, sports organisations—really are coming to the fore in making sure that we have a network of heat banks, warm banks, in Wales. It is astonishing to me that, in 2022, we are talking about having to find places where people can keep warm during the winter, but everywhere I go I find local authorities and their partners determined to play their part in doing that.

There will be pressures on other services—you are absolutely right—but the health service is the one service that never closes and never turns





people away from the door. When other things are not available, it is inevitable that some of that pressure finds itself into the services that are available.

**Q26 Geraint Davies:** Finally on finance, there is a cliff edge on EU structural funding, as has been reported. Swansea University fears that it will lose 50 projects and 270 jobs. Do you think there is an urgent case, not just in Wales but elsewhere, for the Government to step in to ensure that the green growth agenda is carried on and we do not end up sacking people who are the seeds of future growth that we so desperately need to balance the books?

**Mark Drakeford:** Universities in Wales have benefited hugely from European funding. The last questioner put it to me that the shared prosperity fund, in its relationship with local government, was to be celebrated, but what that means is that those other parts of the Welsh realm that were able to draw down European funding are no longer able to do so. Universities can no longer benefit; third sector organisations can no longer benefit; Welsh national institutions, such as the Development Bank of Wales, can no longer benefit in the way that they did before.

You are absolutely right that universities across Wales are signalling that the jobs of the research staff that they were able to sustain through that funding are at risk. The UK Government say that they will redistribute research income to universities across the United Kingdom, away from the golden triangle, but we are not seeing it. That work needs to be done urgently if we are not to find all that investment that has been made over so many years now melting away, as universities do not have the funds to sustain it.

**Q27 Geraint Davies:** On cost-effectiveness in terms of using public money, I know that Wales received three times as much as it spent on PPE—it spent £300 million and it received £874 million—and it spent half the £1 billion it got for test, track and trace that was allocated by England, presumably because we used public authorities, health authorities and councils instead of profit margins being taken and fraud and all the rest of it. In the covid procurement inquiry, will you be making clear how the UK Government can learn from Wales? Are the UK Government now asking your officers how to operate their public finances more effectively?

**Mark Drakeford:** I am sure that Baroness Hallett's inquiry will have a focus on the way in which funding flowed across the United Kingdom during the covid period and how that money was used differently in different places. You are absolutely right: we took a very deliberate decision in the TTP area that we would run that service as a public service through people who were already employed by our local authorities and others, and we did not contract it out to companies that came to that business to make money out of it. The result was that we were able to use the additional money that did not get siphoned off in that way to support Welsh businesses more generously through that crisis. I am quite



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sure that the Hallett inquiry will have an interest in how all that happened.

**Q28 Virginia Crosbie:** It is lovely to see you, First Minister. We are coming to the Senedd this afternoon and tomorrow as part of a Committee. I am really looking forward to that. Thank you very much for your time.

How important is north Wales to you? I am the MP for Ynys Môn. We have had the sudden closure of the Menai bridge. I understand that Lee Waters is visiting the businesses in Menai Bridge, Porthaethwy and Beaumaris today. That is welcome, but that is almost six weeks after the bridge closed and these businesses are really suffering. Local people do not have a clear idea of what the plan is and when the bridge will reopen. With Wales having some of the highest business rates compared with England and Scotland, will there be business rates relief for some of these businesses that are being hit so dramatically at a critical time of the year?

**Mark Drakeford:** First, welcome in advance to the Senedd for this afternoon and tomorrow. You are absolutely right that Lee Waters is there today. He will be making a number of announcements, alongside our local authority colleagues, of help for businesses that have been affected by the closure of the Menai bridge. I hope that we will also be able to share with colleagues there the latest information we have on how quickly the structural problem identified at the bridge can be addressed and how quickly we will be able to get the bridge back up and open again.

The closure of the bridge was a difficult moment for everybody. I have made a series of inquiries to help me better understand how engineers concluded that a bridge that was fine to carry all traffic on a Thursday was unable to carry any traffic on a Friday. I have found that quite a difficult thing to understand, but I have received repeated information that tells me that that is what the structural engineers have concluded.

As you will know, the hangers at the bridge need urgent attention. We remain optimistic that that work will begin next month, in December. Provided it does, then it will be concluded within a short number of weeks and the bridge will be able to reopen again early next year. There are a number of ifs, I am afraid, in that, which are to do with making sure that the necessary equipment can be secured and the necessary people can be mobilised, but huge efforts are being made to do just that.

**Q29 Virginia Crosbie:** Thank you for confirming that work will start on the bridge next month. The critical thing is that people are safe. That is obviously a priority.

I want to ask you about nuclear. Do you actually support nuclear? I believe that many moons ago you were a member of CND. I want to stress the importance of new nuclear at Wylfa in terms of what that means for investment to north Wales—the whole of Wales, actually—and also in terms of the thousands of jobs. I want to ask you about your co-



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operation and agreement with Plaid and Adam Price, who of course does not support new nuclear. They have said as a party that it is the wrong answer. What are you doing to bring investment into new nuclear in Wales, and do you support it?

**Mark Drakeford:** To be clear, the co-operation agreement does not include this matter. The co-operation agreement covers 47 items in the hundreds of items that the Government have an interest in, and this issue is not part of it.

I understand the importance of Wylfa to Ynys Môn. I understood it when the UK Government pulled the plug on the last attempt to redevelop the site and the local Member will know the huge sense of disappointment on the island about having been led up that path. With a development consent order very close to being agreed, it turned out that it was not going to go ahead at all.

Q30 **Virginia Crosbie:** Can I correct you? It was Hitachi who pulled out, not the UK Government.

**Mark Drakeford:** This is a distinction without a difference, isn't it? Hitachi pulled out because the UK Government were not prepared to support it in the expenditure that it needed. It had already spent £2 billion on trying to bring that site into effective use. Without the support of the UK Government, it was not prepared to go on spending money in that way.

Q31 **Virginia Crosbie:** To be clear, do you support new nuclear in Wales?

**Mark Drakeford:** We support new nuclear in two different ways. We support efforts to develop what is the best site in the United Kingdom for nuclear in Wylfa. I look forward to seeing whether the potential developers do get funding through Great British Nuclear—whether that ever resurfaces. And of course we support developments at Trawsfynydd through Cwmni Egin and the potential for small modular reactors there. There is no lack of clarity in the Welsh Government's position on this.

Q32 **Virginia Crosbie:** How important is the tourism sector to you? Do you see the tourism tax meaning that fewer people will holiday in Wales?

**Mark Drakeford:** The tourism sector is very important to Wales. You will recall that one of the big debates in the development consent order that Hitachi was securing was how the tourism sector on the island could be supported during the construction phase of Wylfa B. We very much recognise the importance of the tourism sector and invested hugely in it during covid, diverting some of the money that Geraint Davies referred to to offer additional help to the tourism sector in Wales.

The tourism tax will be a permissive power for local authorities. I was asked by one of your Conservative colleagues whether I believed in further devolution to local authorities in Wales. One of the ways we will strengthen local authorities will be to give them the power, should they



choose to use it, to levy a small amount on visitors coming into their area to reinvest in the conditions that make tourism a success.

- Q33 **Virginia Crosbie:** You spoke to the Chair about freeports and I am delighted that the Welsh Government and the UK Government are working together on this. My understanding is that there are five bids. As you are aware, I have been working on the bid for Anglesey to be a freeport for over three years now, and I have spoken about it more than 27 times in the House of Commons Chamber.

My understanding is that the lower amount of money for the Wales freeports reflected the fact that one of the key drivers for freeports, planning and business rates, are devolved to the Welsh Government. This is why there was this difference between the £8 million and the £25 million. I am delighted that there is some agreement, but these negotiations have resulted in a one-year delay in there being freeports in Wales, compared with the likes of Liverpool, which is not that far from north Wales. Is that the case?

**Mark Drakeford:** I congratulate you on all the efforts you are making on behalf of your local area. You will understand that there is absolutely nothing I am going to say about the bids that are in. I am glad, too, that we came to an agreement with the UK Government. Had they made that offer in the first place, there would have been no need for a delay.

- Q34 **Virginia Crosbie:** Ynys Môn is represented by five Members of the Senedd in Cardiff and we have one Member of Parliament. Despite health being devolved, it is 25% of my post bag. Under your plans to go from 60 Members of the Senedd to 96, Ynys Môn will have six MSs, with an estimated cost of £100 million. I have people who are desperately in need of hospital appointments, and schools that need investment. This is a significant amount of money. At the moment I feel that people do not understand that health is devolved. I understand that you do not want to talk too much about it at this Committee, but it is an issue, and I want to reflect to you how acute that is and that it is reflected in my inbox.

**Mark Drakeford:** First, the £100 million is a made-up figure. It has no root in any evidential base. It is a figure that the Welsh Conservative party use and they cannot justify it whenever you ask them to. You have heard it again today, Chair, but I would not for a moment take it seriously.

Thank you for your views on the health service in Wales. I am responsible for that to the Senedd.

- Q35 **Chair:** I am going to bring the meeting to a close now, but I do want to come back on the issue of health. I am only mentioning it because you raised it yourself in answer to Geraint Davies's question earlier, First Minister. You said the NHS in Wales never shuts its doors. NHS dentistry in west Wales is disappearing at a rate of knots. Dentists who had previously treated patients under the Welsh NHS are telling their patients, "We won't treat you under the NHS any more. We will treat you



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if you go private.” I know people in Pembrokeshire who have emptied their bank accounts or taken loans to get hip or knee replacements because they cannot get them on the NHS. Some of these challenges exist in the English NHS and the Scottish NHS. Are you aware of any body of work going on between the different Administrations in the United Kingdom to tackle some of these big challenges in our national health service?

**Mark Drakeford:** First of all, Chair, just to agree with you, the health service is under huge pressure in Wales. It is under huge pressure right across the United Kingdom. I am always keen to see whether there are initiatives happening elsewhere that we might be able to use beneficially in Wales. The future of the NHS and the stresses and strains it is experiencing was raised by the Scottish First Minister at that meeting of the council that the Prime Minister chaired. We agreed there that we would go on sharing ideas and information.

My approach to devolution has always been that it is a chance for us to learn from one another, and when the system is under huge pressure then I am very keen that we should continue to do that. One of the things that we would be happy to explore with the rest of the United Kingdom is the way in which our new dental contract came into force in April this year, leading to thousands more appointments in the NHS for dental patients, including in the Hywel Dda area, where I think there are nearly 10,000 more appointments available as a result of the new contract. That is an example of where we might have something we could contribute, and I am sure there will be ideas others have that we could learn from in Wales.

**Chair:** Thank you, First Minister. I would love to continue the conversation about these extra dental appointments in the Hywel Dda area, because we are not seeing them in Pembrokeshire, but I want to say thank you to you and to Des for giving up your time for the Committee this morning. It is always very instructive and enjoyable having you in front of the Committee. On behalf of my colleagues around the table, thank you again and have a good day. Diolch yn fawr.

**Mark Drakeford:** Diolch yn fawr. Thank you very much.