

Welsh Affairs Committee

Oral evidence: Responsibilities of the Secretary of State for Wales, HC 219

Wednesday 21 June 2023

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Members present: Stephen Crabb (Chair); Simon Baynes; Virginia Crosbie; Wayne David; Ben Lake; Mr Rob Roberts; Beth Winter.

Questions 560 - 641

Witnesses

I: Rt Hon David T. C. Davies MP, Secretary of State for Wales, Wales Office; and Dr James Davies MP, Under-Secretary of State for Wales, Wales Office.

Examination of witnesses

Witnesses: Rt Hon David T. C. Davies MP and Dr James Davies MP.

Q560 **Chair:** Good morning and welcome to this session of the Welsh Affairs Committee. We are delighted to be joined this morning by the Secretary of State for Wales, the right honourable David T. C. Davies, formerly Chairman of this Committee. We are also joined by Dr James Davies MP, who is the Parliamentary Under-Secretary of State at the Wales Office. Thank you very much for giving us your time.

I will start by asking about relations with Welsh Government. When Rishi Sunak became Prime Minister last autumn, I think it was within the first day that he reached out to the First Ministers of the devolved Administrations with phone calls. Has he continued to do that? Was he starting as he meant to go on? What has been the ongoing contact and dialogue between the Prime Minister and the First Minister of Wales in the intervening months?

David T. C. Davies: Thank you, Mr Chairman, for the opportunity to come along and give evidence today. To answer that directly, I don't know exactly how often the Prime Minister and the First Minister speak to each other, but I have the First Minister's number and he has mine. We can speak at any time. I think the last time I met him was probably when we opened the freeport, and I have spoken to him in online meetings since then, I think. I meet regularly with Ministers in the Welsh Government and, most generally speaking, the Minister for the Economy Mr Vaughan Gething. I have found that we have a very good professional working relationship. We are on exactly the same page with investments or potential investors or the various growth fields or funds of funds that are being jointly managed by the UK and Welsh Governments. Probably in the last couple of weeks I have met Mr Gething at Cardiff University, at a football field up in the valleys. We have regular contact and it is always very positive and good.

Q561 **Chair:** As far as you are aware, you are not sure if the Prime Minister has spoken to Mark Drakeford since that initial phone call?

David T. C. Davies: I am sure he has. With respect, I am not necessarily party to what the Prime Minister does day to day, as you will understand. I genuinely don't know. The important thing is that the Prime Minister would be available for the First Minister and vice versa. The First Minister knows that I am always available to speak to him and vice versa. We all have each other's numbers. We are not in the sort of job where we are going to try to be best friends for life and having a chitchat every afternoon, but I think that all of us know that we can talk to each other at any time we need to.

Q562 **Chair:** There is not an ongoing, regular slot with either yourself or the Prime Minister with the First Minister.



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David T. C. Davies: I would not like to talk for the First Minister and the Prime Minister. That is a bit above my paygrade. I don't have a regular slot but I meet very regularly indeed with Welsh Government Ministers and I am sure that the First Minister would take a call from me, as I certainly would if he rang me.

Q563 **Chair:** Michael Gove, the Secretary of State for Levelling Up, has responsibilities for Union relations. Are you aware of how often he might speak to the First Minister?

David T. C. Davies: Again, I don't know how often that is. I think that it would be considerably more often than the Prime Minister and he is on a lot of meetings with Welsh Government and other Ministers from the devolved Administrations. All I can say is that I would hear if there had been any rows or any negativity, and I am not aware of that at all. I would certainly know about that. My impression is that the relationships between Michael Gove, the First Minister, the Prime Minister and myself and other Ministers in Welsh Government are all very good and very professional. I personally have never had a row with anyone in Welsh Government.

There are obvious political tensions there. We are in different political parties trying to do different things, but on important issues that transcend party politics, such as persuading investors of the benefits of coming into Wales, there is absolutely no difference at all. I have been in meetings with Vaughan Gething where we talk to potential investors. You would not know who was Conservative and who was not, or who was Labour and who was not. We are both saying exactly the same thing, which is, "Come and invest in Wales. It is a great place to work," and emphasising the fact that both of us will work together to support investors coming into Wales.

Q564 **Chair:** The reason I am asking those questions is as a Committee we sometimes struggle to get a clear picture of how relations between the centre within the UK Government and devolved nations are being conducted and what that looks like week to week. That is the reason for asking about those.

Since you last appeared before us, there has been the successful announcement about the two freeports in Wales. On my part, I thought it was a very successful and welcome announcement between the UK Government and the Welsh Government. Are there any other projects that you are currently working on in a similarly pragmatic way with Welsh Government? What areas would you point to to show that there is this joint working?

David T. C. Davies: I think my colleague was trying to get in on that last question.

Dr James Davies: I wanted to highlight the existence of the inter-ministerial group meetings that take place regularly. I find those very helpful for communication. There are also informal meetings that Welsh



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Ministers have kindly engaged with, a lot of correspondence, and also liaison with local authority leaders, the tier below, which is increasingly important for the UK Government.

Q565 Chair: That is helpful. You mentioned, Secretary of State, that there have not been many rows. An area where there seemed to be some tension was over health services in north Wales and I think you made a quite public intervention in the Betsi Cadwaladr health board difficulties, calling on Welsh Government to publish an internal report. How did Welsh Government respond to you on that issue? How did that issue develop once you had made your intervention?

David T. C. Davies: I will come to that. To answer your earlier question, obviously investment zones will be the next issue on which the Welsh Government and the UK Government will be working closely together. I hope that there will be an announcement about that shortly. Growth deals have been going on for some years ago with UK Government and Welsh Government involvement. We are seeing great progress with things like the South Wales Metro. As you will probably be aware, I have been to visit a number of growth deal projects across Wales, the most recent being Pentre Awel. These are examples of good collaboration between Welsh Government and UK Government to bring benefits to the people of Wales, notwithstanding that of course there will be tensions. Dare I say it, because there are press here, the stories I read about in the papers tend to focus more on the differences and the tensions and the rows. The stuff that I would also love to see highlighted in the press is Welsh Government Ministers and UK Government Ministers working together, as we very often do, on projects of mutual benefit to Wales.

I will turn to the health situation. What has gone on in Betsi Cadwaladr is extremely concerning. I think that the EY report needs to be published and I wrote yesterday to Audit Wales to ask them what progress they have made in getting the information that they called for in their January report about the allegations of money not being spent properly in north Wales. This has an impact on a very large number of people across north Wales.

Q566 Chair: You made quite an eye-catching intervention on that. Has Welsh Government come back to you? Did they respond to you directly on this?

David T. C. Davies: Welsh Government have responded directly to me on my call to publish the report and very politely said that they were not going to engage with me in that particular query. I am happy to publish the letter if you want. I will make sure that gets to you afterwards.

Q567 Chair: With problems such as you have encountered with Betsi Cadwaladr, are you aware of any contact that goes on between Welsh health boards or Welsh Government and health authorities in England? Is there any kind of sharing of expertise and assistance or is it your understanding that the Welsh health system is entirely separate and basically there is very little that can be done from a UK Government



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perspective on health?

David T. C. Davies: Under the terms of the devolution settlement, there is nothing that the UK Government can do directly about the situation in north Wales or the health service more generally. A lot of people are still under the impression that somehow the UK Government has an involvement in the NHS in Wales, but we don't and we don't have a national health service for the United Kingdom any more. We have four different health services, answerable in different places to different people. The situation in Wales, and particularly in north Wales, I think is unacceptable. Given that there has been a report that has suggested that very large sums of money have been improperly spent, and this has been widely reported in the press, I think it is right and proper that that report be published and I publicly call on Welsh Government to do so. Obviously we have in Minister Davies a qualified doctor who has worked for the health board in north Wales, so he may well have something to add to that.

Dr James Davies: There are limited areas that are reserved in health, as you will be aware, Chairman, relating to embryology and drug supply, for instance. Clinical guidelines are often done at the UK level, and NICE, of course, provides advice that applies to Wales. Whether it then gets audited on a UK-wide basis is another matter and I often have that concern. At the local level you have cross-border agreements with tertiary care centres. You also have examples of Welsh Government engaging with health provision in England in respect of the electronic prescription roll-out, which is due, to try to emulate that, which is something that could have been done 15 years ago in my view.

Q568 **Chair:** I know some colleagues want to come in on some of these issues, but I will ask one on other area, Secretary of State. I know that you take an interest in this as a former British Transport police officer yourself. Who is policing in Wales accountable to?

David T. C. Davies: Of course the police and crime commissioner and then to the Home Secretary. Those are the two lines of accountability.

Q569 **Chair:** We will shortly be having a session on the Committee where we have the four police chief constables from Wales in front of us. Do you have regular conversations with the chief constables and/or with the police and crime commissioners for the four force areas?

David T. C. Davies: Yes, I do, Mr Chairman. There is an occasional meeting with the four chief constables. I forget how often it is now but I regularly sit in on that. I visited Gwent for a passing-out parade recently and Dyfed Powys. I have had meetings with Alun Michael and conversations with him after specific instances.

Q570 **Chair:** Have you spoken to police and crime commissioner Alun Michael since the tragic events in Ely recently?

David T. C. Davies: I have, Mr Chairman.



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Q571 **Chair:** Did you ask him on what basis he was very quick to go on to the media to say that there was no police pursuit of those young boys?

David T. C. Davies: With all due respect, I don't think this is the moment for me to start making criticisms of the PCC for South Wales. I think he would have to answer himself as to what information he had when he gave his briefing but I am absolutely certain he would not have deliberately set out to mislead or to cause any difficulties for anyone. It was a very tragic situation. I think his thoughts and ours, I am sure, are first and foremost with the families of those two young men who tragically passed away. Given that there is a very thorough investigation into what happened rightly going on now, I am not sure it would be helpful for me to add anything. I know that Alun Michael shared the concern that everyone had about what happened and his thoughts would have been with the families, as were all of ours.

Q572 **Chair:** I am quite sure that Commissioner Michael would be sharing the sense of shock and sympathy for the families involved, but did it not strike you as a point of concern that he communicated a quite clear version of events about what happened very soon after the incident, which then was proved not to be the case?

David T. C. Davies: I think it would not be helpful for me to say anything about this until the investigation is concluded. I can only say to you that I spoke to Commissioner Michael and the chief constable very shortly afterwards. My recollection is that I had at least two, maybe three, conversations. Then when the investigation started, as it rightly did, I did not feel it would be helpful to have any further conversations because it was going to be investigated by the IOPC and I did not think there was anything I could do at that point. I do not want to comment publicly further on this except, once again, to send my absolute sympathies to the families of those who lost relatives in this incident.

Chair: Secretary of State, thank you very much. Simon Baynes, did you want to follow up?

Simon Baynes: The question is in a different section but I wanted to follow up on a health issue. Is it okay if I do that now?

Chair: Yes, do that now.

Q573 **Simon Baynes:** There are two questions really. Were you surprised that the Minister for Health sacked the independent board of Betsi Cadwaladr, it looks almost as if because it commissioned a report, which has not been published now?

The second interconnected question is: yes, health is a devolved issue but the First Minister has thrown back the whole issue of the Covid inquiry to the UK Government, so it has now become a reserved issue, in a sense. You can question his motivation for that, and one motivation may be that it will prove to be a troublesome issue to look at so, in this case, it is best to put it in the hands of the UK Government. But that



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inquiry, as we are seeing in England, is absolutely vital. I think that most people in Wales feel that it should be done on a devolved basis so that the Welsh Government took responsibility for their own actions. What activities have you had as the UK Government in following through the scrutiny of the treatment of the Covid pandemic in Wales, given that it has been put into the hands of the UK-wide inquiry?

David T. C. Davies: There are a couple of questions there, Mr Baynes. Number one, I was very surprised indeed that the independent commissioners were called in and fired in the way that they were without proper explanation being given, especially given the Audit Wales report in January or February, which I have read in full and it raises a lot of worrying concerns.

Secondly, I think your next question was about there not being an inquiry in Wales. This surprises me greatly because it was made very clear to me throughout the period of the pandemic, during which time I served as a Minister in the Wales Office, that Wales was going to take full responsibility for its handling of the Covid crisis and would be taking different decisions in some instances, which it did. Therefore, it does not make sense to me, given that Wales has taken that view, which is its legal right, that it is not willing to also undertake an inquiry into the aspects of its response for which it was fully responsible.

I don't know if you had a third question.

Q574 **Simon Baynes:** Does the fact that the Welsh Government have decided not to have an inquiry themselves, which in my view they should have done, mean that there is therefore more activity or responsibility on the part of the UK Government, given that this is being conducted on a UK-wide basis, or certainly on an England and Wales basis, as far as the Welsh Government is concerned?

David T. C. Davies: I think that is right. I will be a witness to the inquiry, as will my predecessor, and I have already been drawing up a statement and made it very clear I will give the inquiry all relevant information. I think that the failure to hold an inquiry in Wales into the aspects of the Covid response for which the Welsh Government were responsible, took the responsibility, will in some people's minds reinforce the feeling that there is a slight lack of openness around the way in which the health service is dealt with. It is added to when we see instances such as the independent commissioners being called in and sacked at Betsi Cadwaladr and a report that highlights potential misspending of over £100 million not being published. I think that there needs to be a great deal of scrutiny when one is facing problems like that.

The UK Government have made it quite clear that we are open to scrutiny. We are open to scrutiny for our record of dealing with the Covid pandemic and I think Welsh Government should do the same. If people are not willing to accept and acknowledge a problem and instead try to



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suppress any legitimate criticism or voices who criticise, I do not think you can ever get to the bottom of the problem and resolve it.

Q575 Wayne David: Good morning to you both. I have a couple of comments before I come on to the main question I want to ask. The first is about levelling up. You referred to potential rows with the Secretary of State Mr Gove. We would love to have not so much a row but a dialogue with him but it is rather difficult because he refuses to come along to this Committee and have a discussion about an issue of tremendous importance to Wales. I wonder if you could make representations to him to try to persuade him to come along, not least because you are a former Chair of this Committee and you know how important our work is.

The second point is about the police. You mentioned in passing the role of PCCs in holding the police to account but that is not really their job, is it? The police are independent and it strikes me that there is a bit of a gap in democracy and accountability for the police in this country. As Secretary of State for Wales, do you have any comment on that and do you see any potential for expanding your role so that you have some sort of real direct oversight and control of the police in Wales?

The third point is about—and we can't avoid this—the inflation announcement this morning of 8.7%. It has not come down, as most people hoped and expected. There will be interest rate announcements tomorrow and they will rise again. All in all, things are very difficult for people in Wales at the moment. Given the crisis that many families are facing, are you making direct representations to the Chancellor and the Prime Minister to ensure that the hardship of people in Wales is being reduced? That is the biggest issue that families are facing at the moment.

David T. C. Davies: Thank you, Mr David. I will answer that. First of all, obviously I cannot demand that any other Cabinet Minister appears before any Select Committee but I always recommend that people take the invitation if it is offered, so I will mention your interest. I am sure that Mr Gove will have plenty of good news for the Committee about the success of the levelling-up fund, the shared prosperity fund and so on.

On the inflation figures, obviously it is disappointing. They are falling overall. They have come down from a high of well over 10% to 8.7%, so they are going in the right direction but not as quickly as we would all like. I hope, Mr David, you will agree with me that that is why it is so important that the Government focus on inflation. That is why we have to be very careful about agreeing to pay rises of 20%, 30% or higher in the public sector and why we have to work on getting it down.

Q576 Wayne David: My point is it is not working, is it? If you compare the inflation levels with other comparable countries in the world, Britain is at the bottom of the league. The policies of the Government are not working.

David T. C. Davies: That is not true, Mr David.



Q577 **Wayne David:** France, Germany, United States, yes?

David T. C. Davies: Yes, and other countries in the European Union are suffering at a higher rate.

Q578 **Wayne David:** Smaller countries, not comparable.

David T. C. Davies: Well, I think actually, sir, I looked at the figures a week or so ago and they are very similar.

Q579 **Wayne David:** I looked at the figures this morning and they are not very similar.

David T. C. Davies: I think anyone who wants to will no doubt be looking at them after our exchange now and will be able to see for themselves. They are very high everywhere. Hungary, for example, is well over 25%.

Q580 **Wayne David:** It is not comparable.

David T. C. Davies: Is any EU country? But basically we are on the same side, are we not, because we both know that if we gave inflation-busting pay rises across the whole public sector that would create further inflation. If we continue to borrow large sums of money, that will create further inflation, so presumably, hopefully, we are both agreed that that needs to stop. Perhaps we would also agree—

Wayne David: The economics of Boris Johnson and Liz Truss have failed.

David T. C. Davies: Across the whole of Europe and in America, we see problems with inflation. To take a simple example in Wales, I hope we both agree that banning meal deals would be one of the sorts of gestures that will hit people harder in their pockets, bringing in charging on the M4 will hit people harder in their pockets. I hope we will also agree that those sorts of things need to be looked at as well.

As far as my representations to Cabinet, of course Cabinet are well aware of there being cost of living problems at the moment but that is why we have made sure that things like pensions benefits have gone up with inflation and the minimum wage has gone up by record amounts. There have been extra payments of £900 to people on benefits, £300 to pensioners, £150 to those in households with disabilities. At all times we have focused on helping those most in need. May I remind you, sir, that there was a £94 billion package that was there to support people through the cost of living crisis, which meant that the Government were paying for half of everyone's fuel bills over the winter period. There has been a real commitment to support those who are most in need.

Q581 **Wayne David:** Do you want to say anything briefly on police?

David T. C. Davies: I think you were suggesting that I might expand my role to take control of the police in Wales. That is always an interesting suggestion, sir, but probably not one that is actually going to happen. I



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think the Home Secretary would like to see policing remain under the role of the Home Office and I am content with that.

Q582 **Chair:** I don't want to spend too long on policing but does the Police Minister ever visit Wales?

David T. C. Davies: I would imagine so. I believe there was a visit quite recently but I am not 100% certain off the top of my head.

Dr James Davies: To south Wales.

Q583 **Chair:** If it is a reserved issue to UK Government, do you feel that the UK Government gives policing in Wales enough attention?

David T. C. Davies: There are police forces across all of the UK and I am sure the Police Minister gets out and visits them as much as he can. I have personally visited two police forces to support passing-out parades and to help celebrate the Government's role in bringing an extra 20,000 police officers on to the streets of the United Kingdom. It was a fantastic privilege to be able to talk to—I would say young officers but in some cases officers of my age and above who have just joined the police as a second or third career. I am looking forward to doing that in north Wales and with South Wales Police as well shortly.

Dr James Davies: The uplift programme, of course, has been more than met in Wales, hasn't it? That is a big success story.

Q584 **Chair:** This is the additional police officers who were to be recruited?

Dr James Davies: That is right.

Q585 **Chair:** That has been fully met in Wales, has it?

Dr James Davies: It has, yes.

Q586 **Virginia Crosbie:** Thank you for coming to our Committee. We produced a Welsh Affairs Select Committee report in May that highlighted that nuclear is certainly on the rise on the UK Government agenda but more was needed to be done on ownership of the site—and Horizon Nuclear Power have got that site, a subsidiary of Hitachi—and also finance and capital investment. My question to you is: how are you, as Secretary of State for Wales, addressing these key issues? That is relating to the site and finance.

David T. C. Davies: Thank you for that question, Ms Crosbie. I have met with all of the relevant stakeholders in this and I have visited Wylfa as well as visiting Trawsfynydd. I have met with the head of GBN and some of the other potential stakeholders involved who may be developing SMR technology. I have met with the Minister Andrew Bowie. I have had quite a number of meetings. It is one of the most important issues for Wales at the moment and making sure that we see successful nuclear industry develop in hopefully both Wylfa and Trawsfynydd. I raise that issue on every possible occasion.



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The site itself is something that GBN will want to take forward. Potentially Cwmni Eginio may be involved with Trawsfynydd but GBN will want to look at the ownership of that site. It is one of the most promising sites for nuclear development, not just in the UK but I am told in Europe. There is great local buy-in as well. It seems to have the support of all the political stakeholders, which is something that any developer would be looking at. On finance, we have clearly changed the model that was being used at Hinkley from a CfD towards a RAB model, which will be more attractive to potential developers.

Q587 Virginia Crosbie: Thank you. On to connectivity. Holyhead is the second busiest ro-ro port in the UK and we had the Union connectivity review by Sir Peter Hendy, who said that one of his concerns was the port capacity in Holyhead and the connections from Ynys Môn and north Wales to Merseyside and Manchester for freight and passengers. We have had the sudden closure of the Menai suspension bridge in October last year and we have the Britannia bridge occasionally closing under high winds. The Welsh Government in February said that the crossing was axed as part of the Welsh Government roads review. The First Minister said in March that the third crossing is off the table due to the loss of Wylfa. Last week Lee Waters, the Deputy Minister for Climate Change, stated that the Welsh Government did not have the £400 million needed for a third crossing. How do you, as Secretary of State, see that we can invest in access to Holyhead, which is one of our critical ports in the UK?

David T. C. Davies: I think that we should be making that an absolute priority, especially given the freeport decision, which the port of Holyhead is very pleased with and told me that it had potential investors coming in the day after that announcement. That is the first thing

I would suggest the Welsh Government need to think very carefully about their ban on new road building. They need to think about a third Menai bridge crossing and look at the A55, and I will continue to press UK Government over the importance of taking forward the business case proposals for the north Wales coast line because of the obvious benefits that will bring to Welsh passengers and businesses, especially when HS2 is finished and people from north Wales will have much easier access to London via the Crewe interchange.

Q588 Virginia Crosbie: A £20 million investment for the Holyhead breakwater was announced in the Budget recently by the Chancellor. Now, of course that is a devolved issue to the Welsh Government yet the UK Government stepped in to provide that investment because it is absolutely critical, if we are to get investment in Holyhead and in north Wales, that we protect the port there. Are we looking at the UK Government coming in to invest in a third crossing?

David T. C. Davies: Obviously any third crossing would require planning support and, whoever paid for it, would require the Welsh Government to change their view about the ban on new road building. I do believe that well before my time in the Wales Office the UK Government had looked at



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offering support to the Welsh Government for an M4 relief road, support specifically around the financing of it. As a result of that, the Welsh Government went off and spent, I think, almost £150 million on developing the plans, buying up land, compulsorily purchasing properties and farms in the area, ready to go ahead with that exciting project. Then it decided, after an environmental report looked at it and said that it was sort of 50:50 because obviously there would be environmental benefits as well as disadvantages, not to go ahead.

At this moment in time, there is going to be no new road building in Wales—none whatsoever—and I am sure that would include bridge crossings. That is not something the UK Government can do much about. I would certainly recommend that anyone with an interest in good transport links and business investment in north Wales ask the Welsh Government to think again about the A55 and the Menai bridge.

Dr James Davies: It is worth also saying that the UK Government has shown its commitment to the strategic road network in Wales by means of the Union connectivity review and the attached development funding. There is a pot for devolved transport of, I think, £23 million, which Welsh Government can access to develop feasibility studies to look at key improvements such as the ones you mention.

It is also important to mention that we await the North Wales Transport Commission findings later this year. Hopefully they will recognise your calls.

Q589 **Virginia Crosbie:** The £23 million funding pot, which projects have they accessed that for?

Dr James Davies: I do not believe that is in the public domain. It is an ongoing pot that is available. It is for Welsh Government to bid to it. That is something for local authorities and politicians to raise with Welsh Government.

Q590 **Virginia Crosbie:** Relating to freeports, obviously I am delighted that Anglesey is a freeport and we have the Celtic Freeport in Milford Haven and Port Talbot. You stated that the freeport will deliver greater investment and also prosperity for Wales. How are you and your Department working with these two freeports to ensure that they are a success?

David T. C. Davies: The first thing that they have to do is come forward with a business case. This is a process that I am told will take six to eight months. That will then get looked at by officials and they will then resubmit a full business case. That should only be a matter of weeks, of two weeks or a month; I am told that it is not expected it would require much rewriting. Then I am told that we can be moving pretty much straight after that. Whenever I hear “immediately” in conjunction with the civil service—not in any way to cast aspersions on anyone here—I assume not the following moment or the following day, but I am given to



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believe the timetable will be a fairly fast one. I would very much like to see two freeports up and running in Wales very early next year.

Q591 **Virginia Crosbie:** Are you personally courting investment? Are you meeting with the US embassy, are you taking companies around Wales? What are you practically—

David T. C. Davies: I am not taking companies around Wales at the moment but I have met with all of the relevant stakeholders, including ABP, and I am very happy to meet with any companies that are interested in coming and investing.

Q592 **Virginia Crosbie:** This is my last question. Of course, health is devolved but policing is not. Do you support the police carrying out a detailed assessment of the case with the Betsi Cadwaladr University Health Board?

David T. C. Davies: Absolutely. Of course. There have been allegations that are contained in the EY report that have been well publicised in the press and I think those are matters that the police should be investigating.

Q593 **Mr Rob Roberts:** Good morning, gentlemen. I will come back later to a couple of things that have already been mentioned, but just to begin I would like to touch on something slightly different. When your predecessor was here last year, Simon Hart, he told us that the Wales Office played, and I quote, a “visible and active part” in policy making. Can you confirm what form that visible and active part takes, and can you give the Committee a firm example of how your office has intervened on a policy to make it better for the people of Wales?

David T. C. Davies: Obviously, the Wales Office will be involved in ministerial write-arounds on policies that will have an effect in Wales. For example, the deposit return scheme, which I suspect may come up later, is one in which the Wales Office have contributed.

Q594 **Mr Rob Roberts:** Just for the benefit of everyone in Wales who is watching, I am sure, streaming online, what is a write-around?

David T. C. Davies: It is a document containing a proposal for legislation or for policy, which Cabinet Ministers or Ministers will be asked to give their thoughts on. For example, on the deposit return scheme, as you wanted a natural example, it would be a concern to the Wales Office if the Welsh Government went ahead and included glass in the scheme that they are proposing. My suggestion to UK Government would be that we reject that and that we try to work to develop a UK-wide scheme that does not include glass. The reason for that, if you want me to go into detail—

Q595 **Mr Rob Roberts:** You would potentially be recommending a veto on that, as we did with the Scottish GRA?



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David T. C. Davies: Not a veto as such. I would not go so far as to stipulate exactly how we should reach the end of that, but what I am suggesting is that we want a recycling scheme that works for the whole of the United Kingdom, which works for the companies involved and that increases recycling rates rather than decreases them. My concern was that if glass were included in the Welsh scheme that would decrease the amount of recycling of glass. I appreciate this is a fairly dry issue, perhaps, but you asked for a specific example of how we influence policy and that one came to me because it is something I have been involved in quite recently.

We will do it via write-arounds. Obviously I sit at Cabinet so I will discuss matters there, such as the importance of getting two freeports in Wales rather than the one that we originally promised, the importance of getting an investment zone and making sure that Welsh rail projects are there in RNEP. There are various ways in which we can have an influence over Government policy. Since you asked for a specific example, I gave you perhaps a rather dry example, but there it was.

Q596 **Mr Rob Roberts:** That is fine, no problem. I am sure other colleagues will talk about the relationship between the Governments later on and my views are particularly well known already, but I am interested to know, do you respect the Welsh Government?

David T. C. Davies: Yes, of course. It was voted for twice in a referendum. I will never forget that. In both instances I was on the losing side of that referendum. I voted in the first instance, in 1997 or 1998, I think it was, I was involved in the campaign against devolution, and the moment it went through I said, "We absolutely must respect that result". Then the second time I did not really get involved in the campaign but I voted against giving tax-raising powers to the Welsh Government, and once it went through I said, "We must absolutely respect that result". We must always respect the result of referenda. I am sure that is a message that everyone in the Welsh Government would go along with as well.

The people of Wales voted once for the Senedd and once for the Senedd to have full legislative powers and tax-raising powers. We must respect that. The people of Wales also voted for Brexit. We must absolutely respect that. I voted for it. Most of the Members of the Senedd and certainly all Members of the Senedd Government voted against it, but I hope they will take note that that is what the people of Wales wanted and we were quite right to deliver.

Q597 **Mr Rob Roberts:** We do not pay as much attention as we should to legislative consent motions, though, do we?

David T. C. Davies: You do not think we pay as much attention as we should?

Mr Rob Roberts: Well, we have been to Cardiff and we have spoken to other Committee Chairs in the Senedd, who have said that the legislative



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consent motion process does not seem to work very well.

David T. C. Davies: I think it works very well. We always try to get LCMs from the Government if we are devolving in an area that might have some impact in Wales. We work very hard to do that. It is not always possible because sometimes, for one reason or another, the Welsh Government may take a view about a piece of legislation that they are not willing to support it under any circumstances, but if it is a reserved matter it is a reserved matter and the UK Government has the absolute right to legislate, just as in devolved matters the Welsh Government has the right to legislate. I would not necessarily accept that. We always work hard to try to get LCMs from the Welsh Government when they are necessary.

Q598 **Mr Rob Roberts:** Are there any changes that you would like to see to how Government here in Whitehall works, or indeed how the civil service works, to better embed the interests and perspectives of Wales in policy making across the UK generally?

David T. C. Davies: You have given me an opportunity to say something because I know there have been criticisms of civil servants in various places that I have not been party to. I can honestly say, at the risk of embarrassing some of the officials here and perhaps watching in the Wales Office, the civil servants I work with are absolutely outstanding. The Wales Office civil servants are very, very good indeed, very dedicated and, in my opinion, people who will always have the interests of Wales at heart. I certainly would not change anything there and I am very privileged to work with such a group of people.

In terms of wider questions about how Government works, I think it is important that, to go back to your original question, the Secretary of State for Wales and the Minister for Wales respect the Welsh Government, acknowledge that this has been voted for and this is what people wanted. It was voted for twice and we have an absolute duty to respect that, all of us, and never to question it. That would be absolutely wrong, absolutely wrong indeed and I never would. I never question the powers of it, only in so far as the fact that I would not give further powers to the Welsh Government, in any major area, anyway. I do absolutely respect the powers that the Welsh Government has, which it democratically accrued and which it would be totally wrong to take away. I disagree with much of what the Welsh Government is doing, and I will highlight that and perhaps ask for greater scrutiny, but they have the right to do what they wish. They have won an election in a democratic fashion. I do not look for any further changes and I respect the situation we have.

Q599 **Mr Rob Roberts:** What is your opinion on the decision to cancel road building projects across Wales?

David T. C. Davies: As I have already made very clear in a question put by Mr Baynes, I think that is a huge mistake and it sends out an



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absolutely wrong message to investors, not just across the whole of the United Kingdom but potentially across the whole world.

Q600 **Mr Rob Roberts:** Do you recognise what I am holding?

David T. C. Davies: My eyes are going but yes, that is a picture of Mr Johnson.

Q601 **Mr Rob Roberts:** It is the manifesto from 2019, upon which we both stood, knocked on doors for, promised the people. I am going to refer you to page 47: "To support our Union, we will upgrade the A55...improving its capacity and resilience to build connections between Wales and the rest of the United Kingdom." ITV Wales's Adrian Masters, who happens to be with us today, interviewed Boris Johnson in 2021. Two years after it was necessary to make a promise, he said, I quote, "We're looking at a number of projects...including the M4...the north Wales corridor...the A55". Any time I ask the Department for Transport, they say, "Nothing to do with us." It is in the manifesto. The Prime Minister confirmed it was in the plans two years after the election. When are you going to do it?

David T. C. Davies: If the Welsh Government want that to happen then we would be more than happy to sit down and have a very long conversation about how we can make that happen and how we can support the Welsh Government in improving both the A55 and building an M4 relief road. I could not be happier than to have that conversation.

Q602 **Mr Rob Roberts:** But you have the powers now, right? The Internal Market Act allows the Government to spend money in devolved areas.

David T. C. Davies: Correct. However, there would still be planning issues to go through and they would be done by the Welsh Government. Even if we brought in specific legislation I do not think it is realistic to think that we could send in bulldozers and start concreting roads over without the support of the Welsh Government, and I do not think it would be wise, quite frankly, to do that.

I think the decision to ban new road building is wrong and I would urge, in a democratic way, the Welsh Labour Government to revisit that decision and to look at building extra roads, but even if we took the legislative right to do that, the idea of going in there and literally concreting over, bulldozing things, sending in diggers and the rest of it, against the wishes of the Welsh Government, is not something that I would support. We need to have respect for the institution, ask people to change the institution, change the Government, change the laws, but not get into a situation where we were physically doing something like that. I am not even sure, legally, how straightforward it would be because they still have the planning powers anyway. We would be in a very difficult legal and constitutional position.

Q603 **Mr Rob Roberts:** When you went to the Welsh Government and said, "Hey, we have this manifesto commitment. We want to upgrade the A55.



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We are going to do it, we are going to pay for it, we are going to do the whole thing and we will put this right for the people, as we promised them. All you need to do is give us permission”, what did they say?

David T. C. Davies: I do not think the manifesto quite says that. I cannot remember exactly what it says but—

Mr Rob Roberts: “To support our Union, we will upgrade the A55 as the main road transport artery for North Wales”.

David T. C. Davies: There was probably a presumption when that manifesto was written that Welsh Government would welcome support for building an M4 relief road and upgrading the A55.

Q604 **Mr Rob Roberts:** When you asked them, what did they say?

David T. C. Davies: They have already made it very clear they do not want any more roads being built. I am happy to have another conversation with them about it but they have made that very, very clear.

Q605 **Mr Rob Roberts:** Would you then commit to go back to them and say, “On page 47 we said we would do this. We are happy to do it. Will you give us permission?”

David T. C. Davies: With respect, Mr Roberts, I do not think the Welsh Labour Government are going to care very much about what it says in the Conservative manifesto. They have the power to stop us building new roads and they are not going to buckle because of page 47 of the Conservative manifesto. If only it were that easy. I could write a lot of things in the next Conservative manifesto.

Dr James Davies: I think it is fair to say that when that was written, the Welsh Government itself was funding studies into multiple improvements along the A55. They are listed, are they not?

Mr Rob Roberts: Sure.

Dr James Davies: They have been put on ice in their various stages of completion. Clearly, this Government has shown its commitment to upgrade strategic routes through the Union connectivity review and the pot of funding I referred to before—which I must correct, actually: it was £20 million, not £23 million—for the devolved element, and then there was another pot for the reserved element. UK Government has shown its commitment to Union connectivity and upgrade of the key strategic routes but it does need Welsh Government to engage with it to deliver on that.

Q606 **Mr Rob Roberts:** To touch very quickly on Betsi, you mentioned earlier the Ernst & Young report. You said it needs to be published. Any journalist will tell you that there are public interest defences about publishing anything. I am sure you have a copy. Why do you not publish it?



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David T. C. Davies: It is a good question, Mr Roberts. I think it would be right for the Welsh Government to publish it.

Q607 **Mr Rob Roberts:** I am sure it would but they are not going to, so why don't you?

David T. C. Davies: I do not really want to get myself wrapped up in a long legal battle while I am trying to do a whole lot of other things as well. I have had that experience in the past, when I was not a Minister, and I do not intend to go through it again if I can avoid it. Anything that involves lawyers is usually very, very expensive.

Q608 **Mr Rob Roberts:** Would you consider that the situation in Betsi is an emergency?

David T. C. Davies: I would say it is a crisis and it needs resolving.

Q609 **Mr Rob Roberts:** A crisis. Is that worse than an emergency?

David T. C. Davies: It is a crisis and it needs resolving quickly. There needs to be a return of confidence. I feel sorry for all those working, the doctors, nurses and all the other people who have non-clinical jobs who are working very, very hard in Betsi Cadwaladr, who must also be very concerned at what is going on at the moment. The problem is not going to be solved without openness, and Government Ministers publishing reports potentially in breach of the law or putting themselves in a position where they are going to get into court cases is not the way forward. The Welsh Government has a copy of that report. It needs to publish it.

Q610 **Mr Rob Roberts:** You have the power to intervene in Betsi if you wanted to. If it is an emergency, section 20 of the Civil Contingencies Act gives you the power to intervene. If it is an emergency, will you intervene, and if it is not, what would make it become an emergency?

David T. C. Davies: If enough people write to us and define that as an emergency, I am sure the Health Minister will take an interest. At the moment I am not willing to say it is an emergency; I am saying that it is a crisis and it needs sorting out.

Mr Rob Roberts: Therefore, a crisis is not as important as an emergency.

Q611 **Chair:** Before I bring in Ben Lake can I just return to one thing that Rob Roberts raised earlier, which was around the constitution? Do you think that the devolution settlement with respect to Wales is stable?

David T. C. Davies: I do, Mr Chair, I do. I suspect this may be leading us towards a discussion of the commission that is looking at devolving justice at the moment. I am not sure if that is where this question is—

Q612 **Chair:** I was going to raise that, yes. We recently had a session, as you know, with Lord Rowan Williams and Laura McAllister, talking about the work of the Independent Commission on the Constitutional Future of Wales. Have you fed at all into their work? Have you engaged with them?



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David T. C. Davies: I have, yes, Mr Chair. I enjoyed very much having a session with them and explaining many things very directly with them. I began by putting forward a hypothetical situation where I as Secretary of State for Wales decided that the situation with the health service was completely unacceptable and decided to set up a commission to look at removing the powers of the Welsh Government to deal with the health service—as some have perhaps implied I should do, but I would not do. It is a very hypothetical point here because I would not do this, but if I did, and if I then packed that committee with people who had previously expressed grave concerns about the whole institution of devolution, perhaps put somebody on there who had been a bit more supportive, and then demanded that the First Minister or Health Minister in the Welsh Government turn up at a time and place of my own convenience to defend themselves, then, I asked the commissioners, “What advice would you give to the First Minister or the Health Minister? Would you advise them and appear before the commission I had set up, full of anti-Senedd people, to give evidence?” Of course they would not.

I, on the other hand, am quite happy to engage with the commission and explain to them that for starters they are now involving themselves, spending a lot of time, money and effort going around looking for extra powers and lobbying for extra powers. The only people they are taking evidence from, by and large, want extra powers; the only people who get involved in stuff like this want extra powers for the Senedd.

They did not like this very much, I have to say, but I will make a prediction. I do not often do this. I will never predict the result of an election but I will make an absolute prediction that when they come back with their final report it is going to say, “Either we get lots of extra powers, including justice, policing and prisons, or there will inevitably be independence and a call for independence in a few years’ time”. That is what the report will say. I could have written it myself, sir, without any of this at all. I am putting it on the record for you now, just as I did with them, because I know what it is going to do.

Every single time—this happens every couple of years—there is a process where we get powers, we get a new Assembly, as it was in the late 1990s, and then somebody says, “We need some extra powers because things are not working. We need some extra powers. We are going to send out a committee of the great and the good and they are going to spend a while going around Wales, taking lots of evidence from people who also want extra powers or independence. At the end of it we will come back, we will triangulate between those who wanted full independence and those who wanted extra powers, we will just have the extra powers and that will solve it”. They get the extra powers, then we get silence for 12 months or so, then things are going wrong and the whole thing starts all over again. That is all that has happened over the last 25 years. Yes, I have met with them, I explained all of this and I do not think—



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Chair: Presumably the conversation is not going much further.
[Laughter.]

David T. C. Davies: Sorry, I will bring it back. I feel I could talk for a long time. We had a very happy hour; I did enjoy the discussion.

Q613 **Chair:** The serious point here, Secretary of State, is that that is not an ongoing piece of work that you are involved in. In fact, from what you are saying, you are quite dismissive of it and that is the view of the Government.

David T. C. Davies: I am not dismissive of it. I am involved, I have given evidence.

Q614 **Chair:** That is the view of the UK Government?

David T. C. Davies: I was happy to give evidence to them, very happy. I thought it was quite cathartic to give evidence to them.

Q615 **Ben Lake:** Diolch yn fawr, Ysgrifennydd Gwladol, am ymuno gyda ni bore 'ma. Can I ask you a little bit about energy? You mentioned earlier the challenges that inflation is putting on households and businesses in Wales and of course energy is a major contributor to inflation. Simply, can I ask for your assessment of the effectiveness of the UK Government's energy support schemes last winter?

David T. C. Davies: Mr Lake, they will never go as far as everyone would like. That is my assessment of them. However, the UK Government has spent about £94 billion on an overall cost of living package. The UK Government fully recognises the impact that high energy prices have had both on domestic users, which is why we brought in the schemes who have paid basically half of everyone's fuel bills over the winter, and on businesses, which is why we brought in the business support packages and an extra package for high energy-intensive users. It is, obviously, as you know, for the steel manufacturers and the other users of large amounts of energy, to try to make sure that they are not paying more than they would do in comparable European countries.

I assume your point is: has it gone far enough? Well, we have spent a lot of money on it but I think many people—companies and domestic users—are feeling great difficulties.

Q616 **Ben Lake:** You are right, of course, no policy will be perfect in this regard, but one of the concerns that I know you will be aware of, including from your own constituency, is the discrepancy in support for those households, and particularly businesses, which are not connected to the mains gas grid. I should note, of course, that the Government did increase the support in the end for households but there remains a gap for off-grid businesses. You mentioned earlier the write-around processes. How did you find working with the relevant Department on these schemes? Was it a bit of a challenge to remind them that not everywhere is connected to the mains gas grid?



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David T. C. Davies: They quickly became aware of that. The domestic support package was increased, I think, from £100 to £200. I know that there was a particular issue with off-grid businesses. Many of those would have been farms and perhaps people would not necessarily have expected them to be registered as businesses in the way they were, but I think that message was got over loud and clear. I had that discussion either with officials or with a Minister—I forget who now—but I did make the point and I was told that the response to it was that there was a full acceptance that those who were off-grid were facing significantly higher prices but that the increase was not as sharp as it had been for those who were on the grid.

Q617 **Ben Lake:** We will not go into that because I have had an argument with the Energy Minister about the way in which the Government measures that discrepancy in increases. Just in terms of businesses, I think it is fair to say that a lot of us—including myself—perhaps were surprised by the number of properties and businesses in rural areas that are not connected to the mains gas grid. My own constituency has one of the highest percentages of domestic households that are not connected.

Just on businesses, yes, there was an issue with regards to farm businesses but if you look in some rural areas you have manufacturing sites. I have a factory in the Aeron valley that is not connected to the mains gas grid but is heavily dependent and a high user of energy. Of course, they now face a situation where they are competing with competitors in more urban settings and they are at a real disadvantage. Do you think that is something that the Department is cognisant of now and is working to address?

David T. C. Davies: I think they are cognisant of it. I also suspect that while this might be a fairly common situation in your constituency, a business—I do not know, sir, if it is a manufacturing business or what it is—using large amounts of energy but being off-grid is probably not a very usual situation across the whole of the United Kingdom. If you wanted to send me the detail and the example, that specific company, I would be happy to forward that on because I am not sure how widespread that is and maybe there does need to be a fresh look at that.

Q618 **Ben Lake:** I shall do so. Thank you, Secretary of State.

Moving on to another aspect, I am interested in your relations with other Departments of Government and particularly in how the Wales Office can influence policies. I do not mean to open a debate about trade agreements but one of the things that you might have become aware of in recent times is that there are concerns, particularly among farmers, that supermarkets, particularly with online retailing, are no longer giving consumers the option of specifying whether they would like to buy British meat or meat from overseas. I know, Secretary of State, that you will appreciate the sensitivities on that matter. Could the Wales Office go to perhaps Defra, lobby and say, “Look, we need to be a little bit stricter here”?



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David T. C. Davies: Absolutely. That is something I would be very happy to talk to Defra about. To answer the general part of your question, we have a very good relationship with other Government Departments and I have frequent meetings with other Government Ministers and Cabinet Ministers. I would be happy to send a list over because it is so regular that I could not start giving you numbers. If we want meetings, we get meetings.

As far as that is concerned, I want everyone to be able to get hold of preferably Welsh but, at the very least, British meat in the shops. I recently visited Lidl and Lidl are doing a huge amount to promote Welsh meat in Welsh supermarkets, but also making sure that if it is not Welsh, it is British. They took me around all their shelves and it is clearly labelled as well. I would be very happy to go and visit other supermarkets that are also promoting Welsh and British meat in exactly the same way. Well done, Lidl, for what they are doing. I only plug them because I went there and saw it for myself. Bring on that sort of an attitude with others. It is not all supermarkets; I think we should differentiate between those that are going out of their way to promote Welsh produce, Welsh milk in the case of Lidl as well, and those who are not.

Dr James Davies: Do you think there has been a change in the make-up and the availability of food and drink from this country, in your experience, in the supermarkets? There is, of course, the tractor mark that is used frequently with pride. There is also the designated origin labelling that the Government have been pushing to help specific types of food relating to areas. In my experience, often labelling is relatively good and increasingly consumers have wanted to know where their food is from.

Q619 **Ben Lake:** I would agree with you, Minister. The issue, of course, is that in online shopping in particular, which is growing in popularity, there is no longer that choice. The supermarkets, when I have challenged them on this, suggest that it is of course possible for the consumer on the doorstep to send the meat back, which is a rather ridiculous position to hold.

Dr James Davies: Yes.

Q620 **Ben Lake:** I think you are right, in a physical supermarket there are stricter guidelines in terms of prominence and labelling, and of course the consumer has a choice. It is something that I would be interested in. It applies to producers across the UK but of course there are particular sensitivities in Wales and I think the Wales Office would be in a good place to perhaps champion—

David T. C. Davies: Yes. I had not thought of that, I must admit. You mean people who are buying, as many of us do now, online and having it delivered?

Ben Lake: Yes.



David T. C. Davies: I mentioned one supermarket and I will probably get into loads of trouble now, but that particular supermarket says that that is what they are doing. Other supermarkets are, I am sure, also doing a very good job, but some are not. I perhaps should not start naming names but that particular one, I think, is one of the good guys in this.

Q621 **Ben Lake:** Just on the matter of shared prosperity funding, briefly, we have held a couple of sessions now with representatives from universities in Wales and I think it is fair to say that they have concerns about the way in which funding can be accessed from the shared prosperity fund. I am not sure if you have had an opportunity to see some of the contributions of the universities. I do not know if you would want to comment.

David T. C. Davies: First of all, I acknowledge the problem. I have been around to every university now. There may be one where I did not, for some reason, see all the research, but of the eight or so, I have been to them all and I have looked at examples of their research. I am planning to hold an event in Lancaster House later this year to bring them together with UKRI so that UKRI can see this for themselves, to hopefully remind UKRI of the Government's commitment to make sure that more funding comes out of south-east England, and obviously we want that into Wales. Wales is only getting about 1% of UKRI funds at the moment. That is completely unacceptable. It needs to be much higher than that, and that is what I hope to achieve. That is the first thing. Is there a problem? Yes. Am I aware of it? Yes. Am I visiting and doing something about it? Absolutely, yes.

Now, in terms of the shared prosperity fund, obviously there is £585 million going out now. I think it is generally accepted that we have replaced EU funds in full. The shared prosperity fund money is being worked out with local authorities so we would have to say to the universities that if you want to access that funding it has to be via the local authorities. We have known since 2016 or so that we were leaving the European Union. Some of the research that I have seen has been very good but the universities do have to make the case that they are providing value for money.

Also, we are waiting on a little bit of information from the universities themselves about the difference in funding between what they get and what universities in England get. I have been told, but I have not had this fully backed up yet, and you might have been told the same thing, that some of the money that is going into universities in England is Barnettised. The money is going to the Welsh Government and it has been stated to me, and I think to this Committee as well, that the money does not seem to have been passed on. That is something that I think all of us would like to get to the bottom of. I have asked for further information about that.

Q622 **Ben Lake:** I would agree. It is very important to get to the bottom of it.



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Finally, in terms of the future of research funding for higher education institutions, do you envisage that the shared prosperity fund will become the major source of potential funding for these universities or do you think that there is more of a role for UKRI and the initiatives that you mentioned there in Lancaster House?

David T. C. Davies: With respect, I think you are asking me to look a bit harder into a crystal ball than I probably can. At the moment, the shared prosperity fund is relatively new and we are getting used to the new situation of replacement EU funds. We are using local authorities a lot more. Local authorities in some areas do seem to work very collaboratively with universities and higher—

Q623 **Ben Lake:** Perhaps I could rephrase it. We need to be realistic. The so-called golden triangle of institutions has had, dare I say, centuries of head start on many of our own institutions in Wales and they have been far more successful over the years in attracting a lot of private investment. I declare an interest, as an alumnus of one of those institutions. It was quite striking. My own college, one college within the University of Oxford, has a greater endowment than all the universities in Wales put together. Their income per student is nearly £500,000. The best equivalent in Wales is the University of Cardiff, which I think has about £30,000 per student per year.

Do you think that it is fair and sustainable, and does it align with the Government's stated ambition of levelling up areas, that we expect all of these institutions across the UK to compete on the same level for the same amount of money?

David T. C. Davies: With respect, Mr Lake, you are probably asking me now to start opining on higher education funding across the UK, which might not necessarily be something that all my Cabinet colleagues would welcome. My interest has been in making sure that Wales gets its fair share of UKRI funding, and that I am working on. I would like a bit more information about how Barnett consequential for funding for English universities are passed on.

In terms of how the shared prosperity fund will develop, that is a fair question. My gut feeling is that Welsh universities are probably going to have to look a bit more towards UKRI, but that is simply a feeling. I do not have any real justification for that because it is early days yet.

As to wider questions about HE funding, do feel free to ask me outside of this room. I do have some thoughts on it.

Dr James Davies: It is important to consider that universities elsewhere in the UK have not been dependent on EU structural funds, partly because they often were not eligible for them. It is a transition, in many respects, towards UKRI funding that we probably need to see. There is an existing commitment by the Government to increase R&D funding outside of the greater south-east of the UK by 40% by 2030. That is there to be taken and it is a question of making the case for Welsh universities.



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Q624 **Chair:** Can I follow up on this question? In answer to Mr Lake, what you are pointing to is a longer-term transition. The evidence we have had from Welsh universities is that there is a pretty immediate challenge that they are running up against with the winding down of those EU funds. We can argue about the history of why Welsh universities have become so dependent on EU structural funds but, rightly or wrongly, they have, and what some of us might have regarded as temporary funding because of Wales's poverty statistics, it is probably fair to say that some universities have come to regard as a permanent revenue stream to fund what look like fairly permanent projects.

We can argue about the rights and wrongs of it; their argument is that a lot of these projects are very worthwhile, they employ hundreds of people, and they are running up against a cliff-edge here and in need of some bridging money. Is that an argument that is getting any sympathy at all within UK Government at the moment?

Dr James Davies: I believe the Secretary of State has contacted Universities Wales and has asked for accurate information on the impact of the end of EU structural funds on universities, precisely for that reason.

David T. C. Davies: Exactly. We have not had that yet but obviously once we have that we will try to make a case, if we can.

Q625 **Beth Winter:** That is encouraging. I am just looking at the evidence that was received, and universities are clear. The vice-chancellors have reiterated the need for £70 million of bridging funds. There is evidence already there, and if that is not received imminently then there is the risk of over 1,000 jobs being lost. I accept that in the long term you clearly are looking at alternatives but on the immediacy of the risk of losing in excess of 1,000 jobs, the evidence is already there. That is my understanding.

David T. C. Davies: We have asked for detailed information from Universities Wales and that has not been passed back to me yet. If Universities Wales are watching this, as I am sure they might be, I hope they will be taking an interest and perhaps supply the Wales Office with the information that we need, or make sure that we have it.

Q626 **Simon Baynes:** I want to touch on two issues, Chair, not directly related, if that is okay. The first one is on the levelling-up fund, which we have not yet touched on. I was very grateful for you coming to visit my constituency recently, where we had the opening of Corwen station, which has directly benefited from the levelling-up fund.

One aspect of it just to put in your mind for the future is that these projects have had a very beneficial impact—and this is something that the Llangollen railway were talking about—in terms of bringing together an institution like that with the local authority and all sorts of other bodies so that they could work together to create the bid and then to work out the funding. It has created a whole network. It has been a



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catalyst for very constructive relations locally. That is one of the perhaps unsung benefits of the levelling-up fund.

The levelling-up funds are often in virgin territory, if you like, and sometimes when the bid is put in, what they are seeking to do is perhaps a bigger project than they thought. Then you have had the escalation in construction costs and everything. What I am really asking is: is there the capability within the system for somebody who has been successful at the levelling-up fund to go back to the Government to get a bit of top-up funding for those reasons?

The second completely unrelated area I wanted to ask about is: what is your view on the role of Ofwat in Wales? Is the split of responsibility for water regulation effective in dealing with sewage discharges? As I think we all know, the situation with sewage discharges is significantly worse in Wales than it is in England and this is perhaps a subject that does not get enough coverage across the UK. Therefore, the need for action to be taken by Ofwat and the local water authorities is all the greater for Wales than it is across the border.

David T. C. Davies: Mr Chair, these are two very important and quite different questions that may take a minute or two to answer. As far as the levelling-up funds are concerned, obviously in rounds 1 and 2 we have committed around £320 million in projects across the whole of Wales. Obviously, we saw the Corwen project together, which is absolutely fantastic, and there are other ones. I am visiting Coed-Ely tomorrow—that is a road improvement that we have managed to get through, despite the moratorium. Aberystwyth College we have been to. I have not been to the Muni Arts Centre in Pontypridd yet, but hope to be able to visit at some point soon. These projects are now rolling out.

You are making a point, I think in a very polite way, that perhaps some of them are going to end up costing a bit more than was originally expected. What can be done about it? The phrase that I have heard bandied around is “value engineering”, which I think basically means having another look at them and seeing if changes can be made to try to bring the prices down. Our officials and DLUHC officials will happily work with those who are behind the projects that have been taken forward to see how that process can be managed. The doors are always open. Clearly, in the case of Corwen, we had a group of people who managed to build a railway line incredibly quickly and virtually without any issues until we put the roof on. Many of the people that are behind these projects are very inventive and good at getting things done. We could do with a few of those in Government, actually, or building HS2, some of the people behind your project. Anyway, the door is open to discuss any specific problems.

On the issue of Ofwat, the situation at the moment—this is a very simple generalisation—is that obviously Welsh Government will decide on water cleanliness levels and quality levels and they will convey this to Ofwat, just as the UK Government do. Ofwat will then discuss with the water



companies or, in the case of Wales, generally Welsh Water. Let us not bring Severn Trent in to this. We will discuss with Welsh Water how those quality benchmarks are going to be met, or, in other words, how much money they are going to have to spend to meet them. That is how it happens. I do not really see how having a separate body is necessarily going to help.

Enforcement wise, we have NRW and the Environment Agency both enforcing rules primarily on farmers but also on other landowners who may be doing things that have an impact on water quality. There is no real suggestion that NRW are doing a significantly better job than the Environment Agency as a result of this being devolved. In the idea of splitting Ofwat up and having a separate body for Wales, where is the advantage going to be? Ofwat's role in this is a fairly neutral one. Government—whichever one—tells Ofwat what they want. Ofwat then discuss it with the water company or companies, and water companies deliver the improvements.

Q627 Simon Baynes: I take your point. I think the concern in Wales is that the Welsh Government is presiding over a significantly worse situation with regard to water pollution than the Government is in Westminster and people are looking at ways in which this can be mitigated. Responsibility largely lies with the Welsh Government but that is the root of the question.

David T. C. Davies: Mr Baynes, you are absolutely correct about that. I must say that many people do not realise that this is a devolved matter. That is why it was quite shocking that after the Environment Bill passed, when for the first time the Government had brought in changes that brought about improvements and required improvements to the system in England, the following day, activists from one political party stuck up black and white pictures, including of me and many other Conservative Members of Parliament, saying—I am sorry, I do not want to use bad language here. It depends whether I can, because I want to quote directly.

Chair: If it can be avoided, just out of respect.

David T. C. Davies: Okay. "This man has just pumped S-H-I-T into your water, he has voted to allow that to happen." We had actually voted to bring in restrictions. The only way that we knew what the problem was because in 2013 the UK Government had mandated water companies to start registering how much—

Q628 Wayne David: That is a crude political point and you know it.

David T. C. Davies: It absolutely is, sir, but it was a disgraceful photograph—

Wayne David: No, you are disgraceful. What are you doing, for goodness' sake?



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David T. C. Davies: What am I doing? Sir—

Wayne David: Stick to the facts.

David T. C. Davies: I am sticking to the facts.

Wayne David: Give evidence to us and stick to the facts.

David T. C. Davies: I am giving evidence.

Chair: Mr David, let the Secretary of State respond.

David T. C. Davies: What the Labour party did was disgraceful because the Labour party are responsible for water quality in Wales, and they have never acknowledged this publicly.

Chair: Mr Baynes, have you finished your questions?

Simon Baynes: Yes. In one of the water quality debates in which I took part in the House of Commons that related to the situation in Wales, it was very significant—I think I am right in saying—that there were virtually no, if not any, Labour MPs from Wales present in the Chamber.

Wayne David: This is pathetic. Honestly.

Simon Baynes: This is a very important issue.

Wayne David: Absolutely, and it should not be trivialised in that way. For goodness' sake.

Q629 **Simon Baynes:** It is a very important issue and that is why I have asked the question about Ofwat.

David T. C. Davies: You are quite right, Mr Baynes, and trivialising the question is putting up black and white photographs of people, saying, "This person has voted to pump S-H-I-T into your river", when in fact it is a very complicated issue.

Wayne David: Exactly—precisely.

David T. C. Davies: It is indeed a very complicated issue involving the use of CSOs, which have been around since Victorian times, and run-off from farms. Actually, 25% of the problem is run-off from clean water that has come through—

Q630 **Wayne David:** The Conservative Government could be doing a heck of a lot more than what it is doing and you are responsible for not doing it. That is a fact.

Chair: Order, please.

David T. C. Davies: I would gently say to you, Mr David, that the Conservative Government is doing more than the Welsh Labour Government is, and they are responsible for this in—



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Wayne David: That is absolute nonsense.

David T. C. Davies: I am not aware of any action the Welsh Labour Government have taken to improve water quality that has not already been taken in the UK, but do feel free to ask about that.

Chair: Beth Winter has been waiting very patiently and we are coming to the end of the session.

Q631 **Beth Winter:** I look forward to you next attending the Committee so that we can pursue that further, because I know I do not have time to cover it myself. Valid points have already been made.

Given your passionate dismissal of the work of the constitutional commission, it is little surprise that the First Minister of Wales has stated quite strongly that UK Government has, and I quote, “fundamental disrespect” for the devolved nations.

David T. C. Davies: I do not accept that, Ms Winter. I do not see how my disagreeing with the concept of giving further powers to the Welsh Government can be stated to be showing disrespect to the Welsh Government. The Welsh Government want more powers but I do not agree that they should have them. Why is that disrespectful?

Q632 **Beth Winter:** The current powers are not being respected, are they? I will give you an example from yesterday, when the Senedd voted 38 to 15 to withhold legislative consent on the Illegal Migration Bill on the basis of interference in children’s social care and the fact that the UK Government has not confirmed that the Bill is compatible with the European convention on human rights. Do you have any comments on the decision yesterday?

David T. C. Davies: Absolutely. Migration is a reserved matter. It could be argued that the Welsh Government, by getting involved in a matter that is completely reserved—obviously reserved—are disrespecting the current settlement, by the same token. By bringing in a universal basic income, which is going to mean that asylum seekers who have been in this country for just a couple of months are going to receive £1,600 per month, and then writing to the UK Government and demanding that they also be exempted from the usual rules about legal aid—these are reserved matters and it is very involved in it. Who is the one showing disrespect?

Q633 **Beth Winter:** That is a misrepresentation of the facts. Do you agree, then, that the Sewell convention is not fit for purpose? Historically that has been adhered to in terms of obtaining legislative consent, but since Brexit the Sewell convention is no longer being used in the way that it was set up. Surely that piece of legislation, the anti-immigration Bill, should have involved consultation with Welsh Government, which would have happened in the past, and we would not be in a situation now where legislative consent has been withheld.



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David T. C. Davies: With all due respect, the Welsh Government do not consult the UK Government if they want to pass a new health Bill, because it is a devolved matter. If they want to bring in education reforms that mean, for example, that children will be taught about 72 different genders and all sorts of other things, they do not consult the UK Government about that. The UK Government does consult the Welsh Government about matters that are reserved. In fact, from my point of view, I would say there is far more of an effort to bring the Welsh Government in and consult them on reserved matters than there is in the other direction.

Q634 **Beth Winter:** Just to be clear in terms of this legislation, migration may be a reserved matter but Jane Hutt was very clear that it interferes in devolved responsibilities in respect of children's social care. I would encourage you to go back and maybe look into what was stated yesterday.

I am very conscious that I do not have much time, so I will move on to the issue of migration. You will be aware of the Home Office's decision to place over 200 asylum seekers in the hotel in Llanelli. There have been significant concerns expressed about the lack of information and communication on that, and the Welsh Refugee Council go further, drawing parallels with Penally and expressing concerns about holding large numbers of vulnerable people in one institution without services, amenities and so on. Can you shed any light on that decision-making process and what is going to be happening there, please?

David T. C. Davies: Ms Winter, I am slightly surprised by your question because obviously the Welsh Labour Government have said repeatedly that they are a nation of sanctuary and that they want to welcome asylum seekers in from all over the world, and in some instances it is factually correct they want to pay them a salary of £1,600 pounds per month. Frankly, it is very surprising that when the UK Government do try to place asylum seekers in Wales, there is suddenly this outcry from local MPs.

The problem that we face is that we are getting around 40,000 or 50,000 people arriving here illegally in small boats from a perfectly safe country, generally France, and those people have to be accommodated somewhere. Now, on the one hand the Labour Government in Wales and the Labour party say that we should put everyone up in really nice hotels. That was costing millions of pounds per day. We are saying, "No, we cannot carry on doing that. We do not have the hotel capacity. We have tens of thousands of people coming in".

We need to do two things, first of all move people into accommodation that is more suitable and that is not hotel-style accommodation, something that is going to be cheaper. Secondly, we need to resolve this problem that is leading to people risking their lives crossing the Channel. That is why we brought in the Rwanda scheme, for example, to make sure that people, rather than having to go to Llanelli, will go to Rwanda,



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which is a perfectly safe country where they can have their case processed. *[Interruption.]*

Chair: Mr David, please let Beth Winter ask her questions.

Beth Winter: We only have two minutes left.

David T. C. Davies: I would rather see asylum seekers—

Q635 **Wayne David:** He is following the bad example of Boris Johnson, coming here and telling lies.

Chair: Order, Mr David.

David T. C. Davies: Sorry, Mr Chair, but I must object to that. At what point have I told a lie? That is not in order. *[Interruption.]*

Chair: Mr David, I would like you to let Beth Winter continue her question.

David T. C. Davies: Mr Chair, I want to make a point of order. I am not prepared to have any member of this Committee saying that I am telling lies. I would ask them to justify that.

Wayne David: Yes, I will justify everything if we have time.

David T. C. Davies: I am happy to wait a few minutes longer. If somebody wants to say that I told a lie, that is not in order.

Chair: I would like Beth to ask her question and for you to answer it, Secretary of State, and then we can deal with any other matter afterwards, please.

Q636 **Beth Winter:** Can I please encourage you, if you are not already doing it, to speak and liaise with organisations such as the Welsh Refugee Council, who are genuinely concerned about the risks posed to people who are coming from very vulnerable situations to our country?

Two very quick points, which I will combine because of the lack of time. One is on HS2. You have talked a lot about road building. We are facing a climate crisis. Surely now there is overwhelming evidence that Wales has been short-changed by £5 billion in terms of consequential. We need that money—it is our money—in order to develop an integrated transport system. Surely, given that this Committee itself has recommended that it should be regarded as an England-only development, we are due that money.

The final point with regard to finance that I do feel I have to make is that you said earlier that under the shared prosperity fund we are now getting what we did under EU structural funds. I have to challenge that. The Welsh Government itself has said that we were £1.1 billion short-changed as a result of Brexit.

I really do have to take you to task on your comments about public



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sector, inflation-busting pay rises causing inflation. That simply is not true. Economists of all political persuasions, if you read what they are saying, are clearly evidencing that it is food prices, increases in energy prices and profiteering that are causing inflation. Pay increases do not and will not cause inflation. I have to quote Paul Whiteley, emeritus professor at the University of Essex: "The correlation between public sector wage increases and inflation is negligible and not statistically significant...This means that public sector pay is unrelated to inflation." The Tory Government is propagating this and that is an inaccurate reflection in terms of pay.

People deserve inflation pay rises. We need to be taking the profits away from the bankers and the 1%. People should not be suffering under the cost of living crisis. Sorry, I feel passionate about that.

Chair: You will have to be quick.

David T. C. Davies: Mr Chair, I am happy to spend another few minutes on this if necessary. On the first point on HS2, it is obviously the policy of the Labour party—not the Labour Government in Wales but certainly the policy of the Labour party—that rail is a Wales-England matter. The Labour party brought in, when they were in Government, HS2 and made it very clear then, as they have now, that there would not be any Barnett consequential. Obviously the UK Government has spent £390 million on rail improvements and we look forward to more as a result of Barnett.

As far as EU funding is concerned, it has been matched in full. The Welsh Government are trying to count the tail. What they are trying to do is count the tail that is still coming in from European Union funding over the next financial year or two, and add that to the annual amount that we were receiving under EU funds. We have gone through the figures and I think one of the Senedd Committees has looked at this as well in detail.

As far as public sector pay is concerned, I am sorry but I do not think that economists of all political parties do agree at all that if you gave inflation-busting pay rises of 20% or 30% that would not have an impact on inflation, because obviously if you did that then everyone else would want a similar rise and it would have an impact on inflation.

Mr Chair, Mr David and I are both passionate about what we think and that is fine, and we have known each other a long time. I am quite happy if he were to change that to, "I disagree fundamentally with what the Secretary of State has just said", or some similar form of wording, but I cannot accept him calling me a liar in the Committee. I am quite happy to accept some other, similar form of disagreement, call it a day and shake hands with him afterwards if he would like to reconsider that.

Chair: Okay. We are going to bring the meeting to a halt. I will ask Mr David whether he wishes to address that point and withdraw that remark. It is unparliamentary language to accuse a Minister of lying, Mr David, but I do not propose that we prolong the discussion because there are



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other things that members of this Committee need to be at within a few minutes. Would you like to address that point and withdraw if necessary?

Q637 **Wayne David:** Yes, I certainly will address the point. Secretary of State, you said on more than one occasion that the Welsh Government would like to give £1,600 to migrants.

David T. C. Davies: Yes. Well, they are doing it, aren't they?

Q638 **Wayne David:** They are not. That is untrue and that is a lie.

David T. C. Davies: Mr David, they have said that they are doing that. They are giving £1,600 a month to a number of underage asylum-seekers.

Q639 **Wayne David:** Ah, a number of underage asylum seekers. I am glad you have clarified that. A number of underage asylum seekers is not "giving £1,600 to asylum-seekers".

David T. C. Davies: Not to all migrants—

Q640 **Wayne David:** Right. I am glad you have clarified that. If you clarify that and stand by that comment, I will withdraw my comment and say that you did not lie deliberately, you made an inadvertent mistake. I am prepared to accept that.

David T. C. Davies: I think what I said was also factually correct. I am willing to accept this—

Q641 **Wayne David:** Right. That is the end of the matter as far as I am concerned. Thank you.

David T. C. Davies: But, Mr David, it is a pilot project that is likely to be extended and would be across the UK.

Wayne David: Yes, but that is not what you said initially.

Chair: Secretary of State, Parliamentary Under-Secretary, thank you so much for giving us your time. No one could ever accuse the Welsh Affairs Committee of not providing lively discussions on a Wednesday morning. Thank you all for your co-operation and we will bring this meeting to a tidy end.