

Welsh Affairs Committee

Oral evidence: The work of the Secretary of State for Wales, HC 597

Wednesday 9 July 2025

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Members present: Ruth Jones (Chair); David Chadwick; Gill German; Simon Hoare; Claire Hughes; Ben Lake; Llinos Medi; Andrew Ranger; Henry Tufnell.

Questions 1 - 36

Witnesses

I: Rt Hon Jo Stevens MP, Secretary of State for Wales, Wales Office; Dame Nia Griffith MP, Parliamentary Under-Secretary of State, Wales Office.

Examination of witnesses

Witnesses: Jo Stevens and Dame Nia Griffith.

Q1 Chair: Good afternoon, everyone, and welcome to this oral evidence session of the Welsh Affairs Committee. My name is Ruth Jones and I am Chair of the Committee. Today, we are delighted to be hearing from the Secretary of State for Wales, the right hon. Jo Stevens, and the Parliamentary Under-Secretary of State for Wales, Dame Nia Griffith DBE MP. This session comes six months after the Ministers first appeared before the Committee, and we want it to be a follow-up session on progress against the priorities that you have outlined to us previously. It is also an opportunity for us to ask scrutiny questions on topical issues that have emerged since your last appearance.

Before I begin, can I ask Members to declare any interests that are relevant to today's session? I only have one: my husband works for Arcadis, which is subcontracted to HS2.

Thank you both very much for appearing before us today. It is great to see you both. Thank you very much for your time. During your last appearance, you told us that you had three priorities: economic growth in Wales, protecting steel communities in Wales and resetting the UK Government's relationship with the Welsh Government. I know that those are three big topics in themselves. Can you update the Committee on any progress you have made on those priorities?

Jo Stevens: Thank you for inviting us both back. It is good to see everybody. In January, I came and set out those three priorities. How has it gone over the last six months? I want to talk very briefly about the economic context in which we have delivered those priorities. Wages have increased in Wales. The Committee will know about the minimum wage and the living wage increases that nearly 160,000 workers are benefiting from in Wales. Employment in Wales is up, economic inactivity is down, and I am pleased to say that we have landed significant investment—£3.4 billion in major private investment, creating and sustaining over 8,000 jobs. That is a good start and a good setting in which to try to deliver those priorities. We have also obviously had the four interest rate cuts.

Following on from the autumn Budget last year, at which we had the biggest settlement for the Welsh Government in the history of devolution, our three-year settlement in the spending review has broken that record again, with nearly £5 billion extra for the Welsh Government to invest over the next three years. Last month, we saw the modern industrial strategy published. There is a really powerful Welsh story at the heart of that. Of the eight identified sectors for very quick growth, we are really strong in seven, so there is going to be lots of work to do around that. I was really pleased to see that we had a particular emphasis on advanced manufacturing in north Wales and the world's first compound semiconductor cluster in south Wales, which I know, Chair, is of



HOUSE OF COMMONS

significant interest to you. The transformative rail package announced at least £445 million for Welsh rail infrastructure. There is £118 million for coal tip safety and maintenance. That is on the economic growth and jobs side.

On steel, I was thinking about this last night, and I want to make a point about a contrast to the Committee. In the 10 months leading up to the general election last year, not a single penny went out of the door of the transition board to steelworkers, their families, businesses or the local area. In the 10 months since the general election, the entire £80 million of transition board funding that we secured, on discovering upon taking office that it was not funded, has been allocated. That has gone out to steelworkers, their families, businesses in the supply chain and four major regeneration projects for the area. Those funds are being taken up and will continue to be taken up. We expect them to be fully utilised within the timescale that we need them to be.

We have had the local growth funding protecting both the quantum and the percentage share of the local growth funds for Wales, which is significant for us because it is just over £850 million. Celtic freeport and Anglesey freeport have been delivered. We have the steel strategy to come.

On the reset, the point I would make is that all those things that I have outlined would not have been possible, I do not think, without having reset that relationship between the UK Government and the Welsh Government. If you do not have a relationship of trust, respect and collaboration, you cannot secure and deliver the kinds of things we have been able to do.

Q2 **Simon Hoare:** Secretary of State, that is all encouraging. You will know that yesterday Dow Corning made an announcement with regard to its operation in Barry. The figures I have are that it is currently employing 850 and it is reducing job numbers by 220, with Jim Fitterling, the CEO, citing "a challenging cost and demand landscape". You and I well know the importance of Dow Corning to the Barry economy and the supply chain that sits around it. Is your office is doing anything, with or without the Welsh Government, to drive things forward? The unions are obviously very unhappy about the announcement.

Jo Stevens: It is not good news at all and it is very worrying for the people affected. I always come to these situations on the basis that, where there is restructuring or a business decision about continuing or not continuing with particular product lines, the main red line is to try to achieve those reductions through volunteers. I saw some reports from Unite the union this morning that it is hoping that the majority of the number that needs to be reduced will be achieved voluntarily. I hope that it will be able to do this without crossing that red line into compulsory redundancies.



HOUSE OF COMMONS

I have met with the Dow management at the Barry site. I am going to be meeting with senior representatives again to talk about how we can secure future investment into the site, which has strong potential. It has decided to cut this particular line, and that decision is part of its global restructuring, but it is strongly linked to the wider European difficulties around the chemical industry. We are committed to supporting our chemical industry. It is a foundational industry; it is in the industrial strategy. I will be working with both Dow and other Government Departments to see what opportunities there are for future investment into the site. We are hopeful about that.

- Q3 **Simon Hoare:** Would you agree that—it will not be the sole driver—one major contributory factor will be energy costs? Are you working with Secretary of State Miliband on any initiatives there? This is an argument that is being deployed, as you know, in the ceramics industry around Stoke and in the cement and the wider chemical industry. It is these rising costs and fluctuations in demand.

Jo Stevens: That is why the announcement that we made as part of the industrial strategy, about the help that is going to be provided to energy-intensive industries and manufacturing in those sectors that you have set out, is so significant. I am sure that that will be a factor in Dow's decision. It is about future investment. That intervention is also very good news for other big manufacturers in Wales, such as Airbus, Toyota and Tata.

- Q4 **Chair:** Thank you for that. You have already outlined how broad your portfolio is in the Wales Office. In recognition of that, and to allow adequate scrutiny, would you be prepared to commit to come before the Committee twice a year for 90 minutes—having both of you here would be really helpful—to allow us to keep up with developments?

Jo Stevens: Ninety minutes and twice a year is a bit different from the once a year for 60 minutes that we started off with in January. I am obviously very happy to come. It would be helpful, because of the broad nature of the portfolio, if there were specific areas that the Committee wanted to focus on in particular sessions; we would be very happy to do that, and then you could go into more depth about any areas that you wish to scrutinise. But, in principle, absolutely.

Chair: That is very helpful. Our Clerks will liaise with your officials and we can make sure that we have topics that we want to cover for scrutiny in the future. Thank you very much.

- Q5 **Simon Hoare:** I want to touch on intergovernmental relations. You referenced in your opening remarks a renewed relationship of trust—I think that is how you described—between Westminster and Cardiff. That is to be welcomed. I wondered whether you wanted to highlight any potential areas of tension that this Committee needs to keep a weather eye on.



Jo Stevens: Talking from the perspective of the two Governments working together, we have devolution, and it is absolutely right that the two Governments have their own identities. Within that context, you are not going to agree on everything, every single day. What drives you, sustains you and sustains that relationship is that you share the same values, and absolutely, both our Governments share the same values.

If you are looking at it from the perspective of me as an individual and the Wales Office team working with our colleagues in the Welsh Government, the First Minister and I work really closely together. We support but also challenge each other, and we do that in order to achieve the best for Wales. It is a strength that the maturity of our devolution settlement means that we have those distinct identities, but we can work together with a shared objective. I hope that that has been seen and evidenced in what we have achieved over the past year.

Q6 Simon Hoare: Can you point us to anything where the sum of the parts has been greater than if you had been acting individually that may provide a useful operational template?

Jo Stevens: I can give you two examples. The first is the transition board. I chair it and the deputy chair is from the Welsh Government—the Cabinet Secretary for Economy. We also have representatives of the local authority on it, and cross-party politicians in the area. We have been able to deliver that £80 million and deploy it successfully through the different funds that we have announced and the regeneration projects. It has worked well. We will be doing a lessons-learned exercise as it comes to an end. That is one example where the collaboration has really worked well and addressed a specific need at a specific time.

The second example is the foreign direct investment into Shotton Mill in north Wales by Eren Holding, to create the biggest paper manufacturing plant in the UK. It is entirely green, recycled, clean energy—everything. I spoke to the senior management of Eren, who had come over for the opening of the start of the work. They said to me that their choice about where to invest this £1 billion was between Shotton Mill and another European country. What made the difference for them was that, in Wales, we had three levels of government working together: the UK Government through UK exports and the Office for Investment; the Welsh Government; and the local authority. That seamless approach and package, in terms of what each of the levels could bring but also how it all tied together, gave them a smooth path through what they needed. That is what made the difference, so that money came into Wales, not elsewhere.

Q7 Simon Hoare: About 12 months ago, the Prime Minister and virtually every Secretary of State across Government were trumpeting “missions-led government”. You are, as you know, the missions lead for the Wales Office. Latterly, there has been less focus on that drive to cut away and break down the silos of operation between Government Departments. The spending review was very much a traditional spending



review and not the groundbreaking, missions-led spending review that maybe some of us had been led to expect. Can you give us a flavour of the relevance of missions-led government for Wales, how it is being delivered and how that is translating through to the Senedd as well? There may be a mutuality of approach, but they may have different missions that are driving them over the coming months.

Jo Stevens: I disagree slightly with your analysis of the spending review. I thought that it was a very good, strong spending review, particularly for Wales.

Q8 **Simon Hoare:** I did not say that it was neither good nor strong. I said that it was not groundbreaking in terms of putting flesh on the bones of the skeleton of a new way of delivering government, which was thematic, cross-cutting missions.

Jo Stevens: I am not sure I agree. Nearly half a billion pounds for Welsh rail infrastructure is pretty groundbreaking, because we have seen very little investment previously. Despite having 11% of the track in Wales, there is a much lower percentage of investment.

On the missions themselves, some straddle devolved and reserved responsibilities, and some are purely reserved. I will give you a couple of examples. For the safer streets mission, policing is reserved, but we have worked extensively as a Government with the Welsh Government on areas such as violence against women and girls, youth crime prevention, and restoring trust and confidence in the police.

On energy, for example, both Governments want Wales to play a significant role and be right at the forefront of our clean energy transition. A lot has happened over the last year, but we have worked very closely. Great British Energy has provided £3 million to the Welsh Government to develop clean energy projects. It is working with Ynni Cymru and Trydan Gwyrdd Cymru to learn from each other's experience and expertise. There are those sorts of areas where they feed directly into the missions and are an opportunity, working with the Welsh Government, to break down barriers and share best practice around skills strategy and suchlike.

Q9 **Gill German:** Welcome, Secretary of State. In March, the UK Government published the "Pathways to Work" Green Paper. In that Green Paper, they note that the spending on health and disability benefits for working-age adults has increased by £20 billion in the UK as a whole since the pandemic and is expected to reach over £70 billion by 2030. DWP data shows that a significant proportion of these people are in Wales. Indeed, as of May 2024, that proportion was higher than any other region in England. Eight out of the top 20 constituencies, if you like, for health-related benefits claims are in Wales. What do you think explains that trend in Wales, and what are the UK Government doing to address it?



HOUSE OF COMMONS

Jo Stevens: You have set the statistics out, and some of it is quite strong in terms of its impact. I think there are two factors driving those statistics. They do not explain the whole picture. It is partially our ageing population. We have areas that have been deindustrialised, where there is a legacy of industrial disease and injury. The other bit of it is the lasting impacts from the pandemic. We do not seem to be recovering as quickly as perhaps some other areas of the UK from the pandemic. Those two aspects are driving quite a lot of it, and that is why it is so important and why we have committed to reform the system.

At the moment, we have some pockets in Wales where we have people trapped in a very unfair, difficult and broken system. I am sure that nobody in this room would want people to be stuck in that for the whole of their lives. That is why we are trying to undertake welfare reform. It is why we want to get employment support funding into all parts of the country, but specifically, through the trailblazer projects that we are doing in Wales, into Denbighshire, Blaenau Gwent and Port Talbot, because we recognise that they have very high levels.

Q10 Gill German: Those trailblazers are being developed in partnership with the Welsh Government, so is that one of the examples of how that local area focus can help?

Jo Stevens: Absolutely, and there is more to come. In our manifesto, we made a commitment about devolving employment support to Wales, so that decisions about how those sorts of programmes are designed and led are made as locally as possible. On those trailblazer projects, local leaders in the local authorities are designing the schemes, because they know exactly what their communities need, and the decision is made closer to home.

Gill German: Some of our local authorities are ahead of the game, which is great news for Wales, because we can pick up and run with that as the initiative develops.

Q11 Henry Tufnell: The UK Government have made a commitment to increase defence spending to 2.5% from April 2027 and then to 5% by 2035. What are you doing to ensure that Wales benefits from that increase in defence spending?

Dame Nia Griffith: As you will know, in the spring statement, the Chancellor also announced a £2.2 billion increase in defence for 2025-26. There are a number of things coming from that. There are going to be some new defence growth deals. There will be more information about this when the defence industrial strategy is fully available. Those defence growth deals will be across the UK. We are working on having a cluster in Wales. The MOD is due to publish the defence industrial strategy shortly, and the Wales Office is working with colleagues in the MOD to ensure that the strategy recognises the full potential in Wales. We are also working with the Welsh Government to consider where that defence growth deal might be placed.



Q12 Henry Tufnell: Our predecessor Committee did an inquiry on defence in Wales. I do not think it fully finished, because of the 2024 general election, but it wrote a letter to the previous Secretary of State setting the sector out as an unsung hero of the Welsh economy and recommending, in particular, that the MOD should improve its knowledge of the Welsh industrial base. Do you recognise that characterisation from your dealings with the MOD in your role in the Wales Office?

Dame Nia Griffith: It is very important. We recognise that some of the five biggest defence companies have sites in Wales. You will be familiar with them; they include BAE, Thales, General Dynamics and Airbus. The important thing is that we are looking very closely, as I say, with the MOD at where we might have these particular growth opportunities, but there are already other moves ahead. For example, some £49 million of aerospace money has come to Wales and that has been put into R&D projects, some of which are related to defence in the aerospace industries. There is definitely dialogue between us and we are trying to promote the opportunities that Wales could actually benefit from.

Q13 Henry Tufnell: Do you think that the MOD is taking account of the opportunities for high-paid, high-skilled jobs and particular social value to areas that have high levels of child poverty? We just touched on welfare issues. Do you think that that forms part of the MOD's thinking when it is looking at engaging with companies in Wales's industrial base?

Dame Nia Griffith: As you know, that is very much a principle for our industrial strategy. I am sure that, when we see the defence industrial strategy, that will be reflected. It is certainly something that has been said in the comments of the Secretary of State and the Minister for Defence Procurement already, so I am sure we will see that. There are two ways that Wales can benefit. One may be in what you might call the factory-floor jobs, but the other is in the significant levels of R&D and the high-skilled sectors, where we have some companies that are doing really cutting-edge work.

Q14 Ben Lake: Diolch, Secretary of State and Minister, for being with us this afternoon. I would like to ask a little bit about the spending review, but more particularly about the Welsh fiscal framework. I know that it is something that the Government have committed to looking at and, I think, have even described as being out of date. Can you give us an update on the discussions? Where are we at with them?

Jo Stevens: Yes, it is a manifesto commitment to review it. It is important. We have had a year, and quite a busy year so far, but we are in discussions with the Welsh Government about it. We have to spread our priorities out over the parliamentary term, but I am very clear that the framework is out of date. It was set up a decade ago. We have a manifesto commitment to review it, and I worked to have that promise in our manifesto. As Secretary of State, I want the Welsh Government to have as strong spending powers as possible. The framework is out of



HOUSE OF COMMONS

date. We are going to review it. We are in discussions, but I will update the Committee when we have important news to divulge.

- Q15 **Ben Lake:** Thank you, Secretary of State. That is very useful. One particular point that has been raised with the Committee in evidence is the failure to uprate borrowing powers for the Welsh Government in line with inflation. It is something that the frameworks for Northern Ireland and Scotland already allow for. I acknowledge that the discussions are ongoing, but I wonder whether that is an aspect of the framework that is being discussed.

Jo Stevens: We said that we would review the framework, so we will review it in its entirety. There are different settlements and arrangements for the different nations. Scotland and Northern Ireland have had theirs reviewed. We have not had ours reviewed. That is why we made the promise to do it. It could have been done in previous years. It was not, but we have made that commitment.

- Q16 **Llinos Medi:** On the theme of the spending review, council leaders in Wales have said that they have a £36 million shortfall following the national insurance decision, compared with their English counterparts. The front-loading of the budget means that there will be less money moving on for non-NHS spending. With Welsh councils facing more cuts, what steps are you taking to safeguard public services within Welsh councils moving forward?

Jo Stevens: I am not sure that I would agree with the assessment that local government will face cuts. There have been record budget settlements for Wales in the autumn Budget last year and in the multi-year spending review, so there will be nearly £5 billion extra for the Welsh Government to spend on public services, and local authorities are included within that description. There will be more money, not less, so I am not sure where that assessment comes from.

- Q17 **Llinos Medi:** It comes from the Welsh Local Government Association. Due to the national insurance not being fully paid and the Welsh Government taking money from the reserves to counteract that, next year there will be that shortfall before they start their budget setting. With inflation going up too, councils are facing a difficult budget from 2026 onwards.

Jo Stevens: That is a matter for the Welsh Government and the Welsh Local Government Association to determine between them. Under the funding arrangements, spending per head of population in Wales is £1.20, compared with £1 for the rest of the UK, so there is already an uplift in relation to that.

On the national insurance contributions, we waived the draw-down limits for the Welsh Government this year in their budget so that they were able to call on their reserves. Presumably there will be further discussions in the autumn Budget. I am sure the Welsh Government will make a case for changes in the autumn Budget as well.



HOUSE OF COMMONS

Q18 Andrew Ranger: Thank you both for being here today. Another part of the spending review was the announcement of the replacement of the SPF with local growth funds. I know that there are discussions going on between you, MHCLG and others. I wonder where we are with those discussions, how that growth funding will be allocated, how the spending will be decided in Wales, and by whom. What role will you as the Wales Office, the Welsh Government and local councils have in terms of the growth funding going forward?

Jo Stevens: We now have a multi-year settlement on local growth funds, protecting that 22.5% share of the UK pot and the quantum. We had a manifesto commitment that there would be a role for the elected representatives of Wales in the future SPF funds. The Prime Minister made a commitment about decision making for the Welsh Government as well, so we will absolutely stick to those promises.

Discussions have started. Officials in the Wales Office are working closely with the Welsh Government on the design of the funds to make sure that they have maximum impact. I would like us to learn from how they have operated in the past, taking the best practice from previous years, simplifying it and stripping out bureaucracy. The feedback I have had is that there is bureaucracy. We have to make sure that this money is targeted, efficient and effectively spent.

I have had really constructive discussions with the First Minister already. We will be getting into more of the detail about how it might work over future weeks, but I also envisage that local authorities and the WLGA are going to have an important role to play, because they have learned from delivering it over the last year or so. Bringing together the experience of the UK Government, the Welsh Government and local authorities, we can co-design something that is going to deliver the best for communities right across Wales.

Q19 Andrew Ranger: That is really good to hear. It is really important that all those voices are heard in that process, because of the learnings over the last few years, as you said. Has thought been given to the interplay of those growth funds? In my Wrexham patch, we have an investment zone, a plan for neighbourhoods, a growth zone and various other things going on. I know that that is similar to other areas of Wales. There is quite a large interplay, either intentional or unintentional, of those things. It is important that consideration is given to how those individual things work together to get the greatest impact and avoid duplication or fragmentation.

Jo Stevens: The funding is there in order to support businesses, particularly SMEs, of which we have a huge number in Wales. Over 96% of our businesses are SMEs. It is support for them and support for places to make sure that our villages, towns and cities are safe and pleasant places to live, but also to help growth in local areas.



HOUSE OF COMMONS

That has to overlay on to the other things that you have mentioned. We do not want to be, through local growth funds, contradicting things that we are doing via the investment zones or the freeports. Over a third of local authority areas in Wales are now covered by some kind of economic zone. That is great, because that is going to leverage in private investment, but we have to make sure that these local growth funds are targeted and effective, and that we are not duplicating or doing the sorts of things that you have mentioned.

Andrew Ranger: I am really pleased to hear you mention SMEs. We are all probably hearing about the support they need to make our communities have vitality and improve our high streets. It is really good to hear that that is a strong focus. Thank you very much.

Q20 **Chair:** At the beginning of the session, you rightly talked about the £445 million investment for rail infrastructure. I listened very carefully to the statement by the Secretary of State for Transport yesterday, but I am still not clear. We have talked about the Hendy review, the Burns commission, the five stations in the south-east of Wales, as well as the works beyond Cardiff and the north Wales works. Do we have an outline timetable? Where is this money actually going to go?

Jo Stevens: Let me start with the £445 million. At least £445 million was announced in the spending review. You will recall that, in the lead-up to the spending review, there were some major transport announcements in English mayoral combined authority areas. There is a Barnett consequential from those to Wales of just over £200 million, so that is on top of that. Then there is the Welsh budget settlement as well, so that is the package, taken as a whole.

Of the spending review £445 million, just over £300 million will be for infrastructure upgrades that will be delivered during the spending review period—the three years. There is £48 million for the Welsh Government directly for ongoing enhancement works on the core valley lines. Any of you who have been on the core valley lines recently will have seen a huge difference. The Chancellor and I were there the week of the spending review. There are brand-new trains and electrified lines. It is absolutely fantastic. It has made such a difference for people in those areas.

Then there is £90 million to £95 million in development funding, and that will be done in tandem with the delivery. That development funding comes within the infrastructure strategy, so that will be years 1 to 10, but I would imagine and expect that quite a lot of the development work will be done in years 1 to 3. That is the money and the structure of it.

In terms of what we are going to do, where we are going to do it and the order in which we are going to do it, that will now be the discussion between the Wales Rail Board and the DfT. They will produce the information that will set out the projects, the order in which they will be done and the timelines for them. That is absolutely right. The Wales Rail



HOUSE OF COMMONS

Board produced the priority list that went into the spending review to get that money, and they will now look at how it is delivered.

- Q21 **Chair:** That is really sensible. Obviously, everybody around this table has interests in various bits of Wales and we would all like the money for our rail infrastructure. You mentioned the Wales Rail Board. Is there a timeline for when it is going to set out its timeline?

Jo Stevens: No, not that I am aware of, but I know that work is starting on it pretty imminently. I would hope that it would not be too long, because now that we have the funding secured, we have to get on with delivering it.

We have the advantage that the projects that you referred to, for example the Burns report, the changes on the north Wales main line to remove level crossings and increase capacity, and the Padeswood sidings changes—I was there last week and it is really exciting, because that problem has been there for decades and finally we are going to be able to deal with it—are really important projects that have all gone through the development work and are now ready for delivery. At the same time, we will be doing the development work on other projects that will come after this three-year spending review period. This is the start of what I hope will be a very long journey.

- Q22 **David Chadwick:** Thank you very much for joining us—and for facilitating the meeting with the livestock markets in my constituency. That was very much appreciated.

The question of who gets to benefit from Welsh natural resources is clearly an ongoing saga. Oliver Millican is a Scottish property developer who stands to make an absolute packet if his company is allowed to build wind farms all over Radnorshire. Bute Energy is short-changing local residents through its community benefit fund and will be paying a tiny fraction of the revenue generated by its turbines. Why are the Government so keen to keep costs down for Oliver Millican and his various companies? Have they been influenced by the donation his company made to the Member for Cardiff North? That is one company whose tentacles seem to reach all over this current Government.

Jo Stevens: On your latter point, that is not a question that I think is appropriate to be asked of me or the Minister. That is a matter for you to take up elsewhere.

On energy, I will hand over to the Minister to deal with the substantive question. Our clean power by 2030 mission is designed to give us energy security, create thousands of jobs in Wales and bring down energy bills for everybody in Wales and the United Kingdom. There is a choice for people. They can either have the infrastructure, lower bills and energy security, or not. That means that we will have to have infrastructure in some parts of the country. In Wales, we will benefit hugely from the jobs that the clean energy mission is going to bring, in terms of our freeports, floating offshore wind and all the other types of energy that will deliver



that 2030 mission, but, most importantly, energy security and bringing down bills.

Dame Nia Griffith: Rolling out the clean energy mission is really important to us. It is very varied in its forms. It is not just onshore wind but the very innovative offshore and floating offshore wind that we now have, as well as other technologies, such as marine technologies, that we are helping to develop. There is a whole range. The important thing is the delivery of it and ensuring that we end up keeping people's bills down and get the infrastructure there as soon as we can.

To that end, we are also prioritising and having a real strategic approach to the way the national grid connections are dealt with. We are dealing initially with the generation and the distribution projects, and then also prioritising those in areas where there is going to be a very significant investment in high-quality industrial jobs, such as the data centres, and where there will be a need for energy, rather than having the queue that we have at the moment, with people not knowing how long they are going to have to wait and a bit of what you might call queue blocking by some projects that are not moving very quickly. There will be a strategic approach, and we will definitely see things change with that.

Q23 Claire Hughes: It is lovely to see you both and thanks for those answers. On clean energy specifically, we know it is about delivering good jobs and climate leadership, and bringing down bills. In our area, the new Mona project in the Irish sea was approved last week, which is fantastic. You just talked about some of the barriers or delays that can happen. Could you tell the Committee a little bit about how the UK Government are working with the Welsh Government to overcome some of those barriers? What are some of the things that you are doing?

Dame Nia Griffith: As I have just mentioned, the grid is one of the most important parts of the system. Everybody knows that, if you cannot get the energy to where it is needed, it is not going to deliver. Of course, the Welsh Government have the planning role and local government also has a certain amount of influence on that. Clearly, you want things to be as smooth as they can be. I was speaking only last week to one of the suppliers in north Wales and also had a roundtable with a number of players, trying to bring them together to smooth out that process from beginning to end. We are very much in touch with colleagues in DESNZ in terms of moving forward. We have seen the leasing rounds. We have also seen contracts for difference awarded to various companies.

Q24 Simon Hoare: Secretary of State, you spoke to us in January and will recall, I have no doubt, that you referred to talks with Tata about steelmaking methods other than the electric arc furnace. Are you able to update the Committee on the progress of those talks? When do you expect the electric arc furnace to be operational?

Jo Stevens: We have continued discussions with Tata and other investors about different future steelmaking methods as part of our



HOUSE OF COMMONS

overall steel strategy. The UK steel strategy will be published later in the year.

In terms of the electric arc furnace, I am pleased to say that everything is on track. Planning has gone on time. Watch this space. I hope that we will see construction start very soon. I am really pleased that Tata has engaged local contractors. Sir Robert McAlpine is the overall project manager for the EAF, but it has appointed local firms to do the construction, and another one—Systems Group—last week to do the casters, fulfilling what we wanted of it and what the community expects of it. The EAF is in line to be operational in 2027.

Q25 Simon Hoare: You referenced earlier the Government's contribution of £80 million to the transition board and that that had been allocated and taken up. Is that the work of the transition board done, or is there a transition board 2?

Jo Stevens: Where we are in terms of the timeline is that we expected that the transition within Tata, and the restructuring, would have been much further along the line by now. In fact, there are quite a lot of people still working at Tata who we originally anticipated would have left by now, so that is good news. As a board, we have had to flex and adjust to fit that timeline.

When the work of the transition board is due to come to an end in October, I do not want people to think—because this is not what is going to happen—"job done" and walk away. That is certainly not going to be the case. We will continue the work. We secured some funding in the spending review to continue, not as it is currently doing, because we have allocated that £80 million, but to ensure that the regeneration aspect of the terms of reference of the board continues. Obviously, the fund's take-up will continue as people leave the steelworks.

Q26 Simon Hoare: In short, it may recalibrate, but the UK Government are not going to walk away in terms of personnel, resource and good will, but also cash.

Jo Stevens: Absolutely. We promised that we would look after our steel communities and that is exactly what we are going to do. We hope that all the things around, for example, port redevelopment, floating offshore wind and the industrial strategy will drive Port Talbot to be a clean energy hub, creating thousands and thousands of jobs.

Q27 Simon Hoare: The Secretary of State for Business and Trade confirmed recently that Tata's products do not meet US import regulations regarding where steel is melted and poured—you know that that is the phrase—and as such were not in line for the negotiated tariff exemptions. How confident are you, No. 10 and the Secretary of State for Business and Trade that the US and the UK can agree to remove those tariffs on UK steel imported into the US, including, specifically in this instance, steel produced in Port Talbot?



Jo Stevens: The discussions are ongoing. There are intense discussions ongoing. There was a deadline this week, which has been shifted by President Trump to 1 August. That gives us more time to resolve an issue that we know is there. We are absolutely determined to reach an agreement. I know that everybody is working very hard to do that, so that is the objective.

Q28 **Simon Hoare:** If we learned anything collectively as a political class from the Brexit negotiations, it was about the enormous disconnect between the operation of business and the political processes. Are HMG making clear to Washington what I think other countries are making clear as well, which is that the tariff version of cat and mouse that the American President is playing gives absolutely no certainty to exporters? They have no idea whether their product will be hit by a tariff, what that tariff could be and almost what is on the mind of the President of the United States this morning. I appreciate that that is a difficult and sensitive diplomatic minefield to negotiate, but whatever it is, uncertainty is not helpful to drive investment, to secure jobs and to keep Port Talbot going.

Jo Stevens: No, absolutely. We were the first country to do a deal with the United States. We have done a trade agreement with the biggest economy in the world, the fastest growing economy in the world and our largest trading partner, the European Union. I do not know whether you were at President Macron's address yesterday—

Simon Hoare: I missed Mr Speaker's email, so I am afraid I missed it.

Jo Stevens: You missed a treat.

Simon Hoare: It was so late in starting that I think the President almost missed it, but I have read it, yes.

Jo Stevens: It was very special. That shows the strength and focus of our negotiating teams. The situation with the tariffs and the changing nature of the negotiations with the United States is not easy to deal with, I am sure. I am not in the centre of it. I put my views into the DBT team and the Secretary of State leads on that. What we have managed to achieve so far shows that we are respected, can be trusted as a nation and can conclude agreements that are in the interests of British industry and the British people.

Q29 **Simon Hoare:** What is your assessment of what, if any, impact the Government's taking control of British Steel's operations will have on negotiations with the US over steel? Is a similar move being considered for Tata?

Jo Stevens: The situations in Scunthorpe and Port Talbot are and were very different. In Port Talbot, we had a private company that wanted to invest, complete a transition and make a commitment, and was willing to work with us to do that. We managed to secure a very good deal, including not only the building of the electric arc furnace, but securing 5,000 jobs, keeping people on furlough, a commitment that, if those



HOUSE OF COMMONS

5,000 jobs do not happen, there will be repayment by Tata for every single job that it does not deliver, land release so that we can redevelop the area, and all of that. Tata worked with us.

In Scunthorpe, we had a very different situation, with a company that was not reliable, was not willing to accept the offer that we made, and was going to shut down blast furnaces and cancel raw material orders, meaning that you would never be able to make steel at that site again. That is why we all came in for the emergency legislation. We want to find, as the Secretary of State has said, a buyer for British Steel. We want to have steelmaking continuing in Scunthorpe, Wales and all our sites, because we are going to need more steel, not less. The news about the Network Rail order for Scunthorpe was very good news.

- Q30 **Simon Hoare:** This is not intended to be a softball question. I just think that we all know what we are talking about, but sometimes the great British public out there actually need to hear it. This Government continue to see, as the previous Government did, the strategic importance of domestic steel production for a whole variety of ways in which our economy operates. That is correct, is it not?

Jo Stevens: Absolutely, yes.

Chair: It is really helpful to clarify that.

- Q31 **Andrew Ranger:** You were just talking about the excellent trade deals that the UK Government have done with India, the USA and the EU. Has an assessment been made of what opportunities and challenges are posed to farmers in Wales by those deals?

Dame Nia Griffith: The really important deal for us for farming in Wales has been the resetting of the relationship with the EU. That is extremely important for our partners. As you know, the Department for Business and Trade very much promotes Welsh meat exports, and not just in the EU. The specifics of the EU deal are how much easier it is going to be to export. For example, on a consignment of a particular product, we are now looking at saving £200 for going across the border. When you think that a lorry can contain several consignments of different products, that was part of the problem; the paperwork was ballooning. Now, of course, that is going to be a saving of thousands of pounds. That is on the animal health products—the meat and dairy and so forth.

There is also removal of plant health certificates. That saves businesses around £25 per certificate. The removal of certificates for the inspection of organic products saves £120 per consignment. When you look at these individual parts of the EU trade agreement, you realise just how important it is and how badly hit our farmers had been previously.

Hopefully now there will be an opportunity to continue to grow our exports. In the meantime, the Department for Business and Trade has secured opportunities for exporting Welsh lamb to the United Arab Emirates and Saudi Arabia. The deal with India is going to give us more



HOUSE OF COMMONS

opportunities for exporting there, whether it is Penderyn whisky or lamb, so there are some really significant opportunities.

- Q32 **Andrew Ranger:** That is all excellent, positive news for our farmers. Has it presented any challenges, or are we unblocking the challenges for farmers? Is that what is happening?

Dame Nia Griffith: Let us be clear: the sad thing is that they had to face this in the first place. We are now putting the situation right. It will, I imagine, take them a while to increase their export opportunities again. It has to be said that there has been an increase in exports of Welsh meat in the last year, so that is a good start.

- Q33 **Andrew Ranger:** You have touched on this, but how does the Wales Office work effectively to ensure that Welsh interests are represented in the trade deals that are done? Are you satisfied that those interests have been protected in the said deals?

Dame Nia Griffith: Yes, very much indeed. Not very long ago I was speaking at an event organised by the Department for Business and Trade in Cardiff. We are very clearly in touch with colleagues there on a very frequent basis about the way that they can promote Welsh products around the world, with farming being a particularly important part of that.

Jo Stevens: We were able to secure funding for Brand Wales in the spending review. What I hear from businesses is that they feel that over the past few years we have not been promoting what we do in Wales well enough abroad—that there is some work that goes on, but we could do an awful lot more. That is why we put a bid into the spending review. We have secured the funding. We will be putting together a programme with business in Wales about what they need, working with other UK Government Departments and the Welsh Government. We will be really pushing so that we take the maximum opportunity from these new trade deals and any further trade deals that will come.

- Q34 **Claire Hughes:** What conversations have you had with the Welsh Government about the manifesto commitment to devolve youth justice, policing and probation to Wales?

Dame Nia Griffith: I can assure you that officials at the Ministry of Justice and the Welsh Government have excellent working relations, and that allows for collaboration on lots of areas of the justice system. We remain committed to the promises that we made in the manifesto and will work to deliver on them, including progressing the conversations to consider the devolution of youth justice and the probation services.

The Secretary of State met the Deputy First Minister earlier this year and discussed a range of issues, including the delivery of these commitments. She has also met the Lord Chancellor, who has also met the Deputy First Minister of Wales, again to look at this particular commitment. We will continue to work closely with the Welsh Government on this.



HOUSE OF COMMONS

Q35 **Claire Hughes:** I know that the answer will probably be no, but is there any indication of when it will be progressed? I imagine it will not be in this Session, but are there any indications at all on timings?

Dame Nia Griffith: I cannot give you any more precise indication on timing, other than to say that it is absolutely our intention to deliver on our manifesto commitments by the end of the term in government.

Q36 **Chair:** It would be remiss of us to not talk about coal tips today. I know that the funding is welcomed by local councils. We are doing an inquiry on deindustrialisation and its economic impact on Wales, which is eye-opening, to say the least. Local councils are very grateful for the £118 million that was announced in the spending review. In terms of safety of coal tips, councils can inspect, monitor and maintain, but they cannot actually remediate at the moment. Is it envisaged that this money will be used for remediation or ongoing safety checks?

Dame Nia Griffith: The most important point is that it is about ensuring that the coal tips are safe. You will know that that £118 million has been added to the initial £25 million and that there is also money from the Welsh Government, so we are talking about something like £220 million altogether. When you are ensuring that a coal tip is safe, that may involve some work that touches on remediation. If you are talking about a landscaping project or something like that, there are other sources of funding that could be drawn down for that sort of work.

The most important thing is that, as you know, all the category C and D tips have already been inspected and initial points of real concern dealt with. Last year, it was the turn of the category B tips. This year, they are looking at category A, so the least problematic tips. Following what happened at Tylorstown, there was a specific fund set up, as you know, and the work is now progressing in a number of different areas.

Chair: It is time for us to conclude. Thank you, Secretary of State and Under-Secretary of State, for appearing before the Committee this afternoon. We could not quite get all our questions into an hour, so is it all right if we follow up with a couple of questions in writing?

Jo Stevens: I am sure that that would be fine.

Chair: Thank you very much. Thank you both, and thanks to the Committee.