

## Welsh Affairs Committee

### Oral evidence: [One-off session with the First Minister of Wales](#), HC 1255

Thursday 4 March 2021

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Members present: Stephen Crabb (Chair); Simon Baynes; Virginia Crosbie; Geraint Davies; Ruth Jones; Ben Lake; Robin Millar; Rob Roberts; Dr Jamie Wallis; Beth Winter.

Questions 1 - 64

#### Witnesses

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



## Examination of Witnesses

Witnesses: Mark Drakeford, Desmond Clifford and Andrew Jeffreys.

**Q1 Chair:** Good afternoon. Welcome to this special session of the Welsh Affairs Committee. I am delighted that we are joined by the Welsh First Minister, Professor Mark Drakeford, who will be with us for the next couple of hours answering a wide range of questions from the Committee under the broad theme of intergovernmental relations.

First Minister, welcome. Perhaps we can kick straight off by asking you very briefly to describe your relationship with the Prime Minister, Boris Johnson. You are both classics scholars. Is there a meeting of minds? Is he someone you can do business with?

**Mark Drakeford:** I think I would have to describe my relationship with the Prime Minister as remote, in the sense that I have met him only once myself. I have been at a number of meetings where there have been large numbers of other people present. The Prime Minister is yet to call a meeting of the Joint Ministerial Committee of First Ministers and himself. In that sense, I would say I have had a very modest level of contact with the Prime Minister. The remoteness is not just in that way, I am afraid. We rarely have a meeting of minds.

**Q2 Chair:** Thank you very much for your frank answer. During the course of the last year, you have made some quite pointed criticisms of the lack of engagement and contact between yourself and the Prime Minister and between UK Government and Welsh Government. When we put those points to the Secretary of State for Wales, Simon Hart, he responded by pointing to what he says are hundreds of meetings that have happened between Welsh Government officials and UK Government officials, involving different Ministers as well. Indeed, some of your own Welsh Government Ministers, when they have appeared before our Committee, have spoken of the good engagement they have had with their opposite numbers in UK Government. Just last week, Ken Skates was talking about the improvement he felt there had been in UK Government/Welsh Government contact. Would you agree that there has been an improvement?

Coming back to your previous answer, where you talked about the remoteness of the relationship between you and the Prime Minister, do you feel that that lack of direct contact between the principals is having a detrimental impact on governance and governing Wales, or is it more important that those day-to-day meetings between officials and other Ministers in the Governments are the key thing for making sure that the two Governments work effectively together?

**Mark Drakeford:** The picture is very mixed. There are some places where engagement is good, and there are some places where it falls far short of what would be properly expected. To be fair, let's say that has probably always been the case across Whitehall. There are Departments that have regular engagement with devolved Governments, understand



the devolution settlement and are comfortable with the need to have those contacts. There are other parts of Whitehall where devolution is pretty much a closed book.

There are some areas where there has been improvement as well. Since the new year, we now have a regular and reliable rhythm of meetings between the UK Government and the First Ministers. Every Wednesday evening we have a meeting chaired by Michael Gove at the Cabinet Office, and the First Ministers and other Ministers—particularly from Northern Ireland—attend that meeting. That has been an improvement and one that I am pleased to welcome.

The big problem is that all of this takes place on a relatively random basis. There is no institutional architecture to make the United Kingdom work. It is all ad hoc, random and made up as we go along. I am afraid that that really is not a satisfactory basis to sustain the future of the United Kingdom. If I had an anxiety about the lack of regular engagement between the Prime Minister and other parts of the United Kingdom, it is more that I think that, without that, the security of the future of the United Kingdom becomes more difficult. Not so much because it has a direct impact here in Wales, because as you say there are many other day-to-day ways in which we can try to discuss things together that are of mutual concern, but without an architecture to it, without a reliable plan for how these things happen and without the Prime Minister playing his part in all of that, it undermines the efforts of those of us—and I would include myself, certainly, in this—who want to craft a successful future for the United Kingdom.

**Q3 Chair:** We will come on to the Union in a few moments. In terms of this business of day-to-day contact between the two Governments, which has been a source of concern and criticism from yourself over the last year, when we have talked about this with the Secretary of State for Wales, one point that he has made to us is that more than ever before Welsh Government are involved in planning meetings with UK Government, civil servants and UK Ministers. The pandemic has helped to foster an opening of doors within UK Government to the devolved nations. What Simon Hart has been saying is that that is not reciprocated. When they have requested that UK Government officials participate in Welsh Government planning meetings and sit alongside Welsh Government civil servants so there is a sharing of information, he says that is not reciprocated and that the door is closed to them. Why should co-operation between the two Governments be a one-way street?

**Mark Drakeford:** I would not accept that characterisation. What happens is that, when the UK Government are discussing matters in which there are devolved responsibilities at stake, to a greater or lesser extent we get invited to participate in those meetings. I have always been clear to the Secretary of State that when there are meetings being held in the Welsh Government, where there are reserved matters involved, he and his officials will always be invited. I do not expect to be



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invited to Whitehall meetings where there are no devolved matters pertinent to that meeting. I do not think the Secretary of State should expect to be invited to meetings in which there are no responsibilities of his office or the UK Government being discussed either.

That is how I define reciprocity, and on that basis I have always been very happy to invite the Secretary of State. Indeed, he and particularly his deputy Minister have attended meetings of Welsh Ministers and officials where, for example, we have had the armed services around that table talking about their participation in the Covid response.

**Q4 Chair:** Coming on to this issue of the Union, last week I read in the press that you were making a call for Wales to have home rule. When you use that phrase “home rule” is that a rallying call for greater independence for Wales, or are you calling for a new devolution settlement? What were you getting at when you used that particular phrase, which has obvious historical connotations? What do you mean by “home rule for Wales”?

**Mark Drakeford:** What I am referring to is an entrenched form of devolution, a devolution that cannot be unilaterally rolled back by any one party, a devolution settlement—and I think there is still scope for development in devolution—where the responsibilities that currently exist at the Welsh level are set down in a way that guarantees they can continue.

I set that alongside the need for the sort of UK architecture—and we set it out in a series of documents right up to the point of the pandemic hitting us—in which Welsh participation in those matters that affect Wales but are not devolved to Wales would be properly organised. There would be guarantees about it. There would be a reliability around that architecture.

So, home rule in the sense that the powers that we have and the devolution settlement that we will develop would be guaranteed and could not be interfered with in the way that we have seen so vividly in recent months. Then, a set of institutional arrangements between the four nations that allow each party to contribute, and to contribute positively, to the success of the United Kingdom.

**Q5 Chair:** You will be aware that the Prime Minister has recently changed some of the arrangements within Downing Street for looking at the question of the future of the Union. He set up a new Cabinet committee. Is that a committee that you feel, as First Minister of Wales, you would like to work with to help make the case for the Union? Do you see that as a role that falls to you as one of the First Ministers of a devolved nation within the Union, to help make the case for the Union at this time?

**Mark Drakeford:** I am very keen to help make the case for the Union, because I believe that the Union is strengthened by having Wales in it and Wales is strengthened by being part of the greater whole that is the



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United Kingdom. I make that case very regularly and am regularly under attack, as you can imagine, in Wales by doing so.

I am slightly puzzled and probably just need to be better briefed on the latest arrangements, because there has been such a committee, as far as I know, for some time, not chaired by the Prime Minister, chaired by Michael Gove, I believe, but with the same participants around the table. Certainly, we have never been invited either to participate in such a meeting or to contribute to it by providing information or suggestions.

**Q6 Chair:** You will perhaps have seen, as we have, some of the media reports today of a new opinion poll suggesting that support for Welsh independence continues to grow. There have been other opinion polls in recent months that also show that, and also show that the number of people in Wales saying they would wish to abolish devolution altogether has increased. First Minister, are you not concerned that there is a danger, with the way that the politics of this plays out in Wales, that the politicians who try to hold the position of wanting to tweak further the devolution settlement and tweak the status quo will ultimately be left behind by the more radical, clearer options, apparently, that are being voiced either by nationalists who want independence or by those who want to roll back devolution altogether and abolish the Senedd? As we saw with Brexit, is there not a danger that the consensual mainstream gets hollowed out?

**Mark Drakeford:** I think the effect of the pandemic over the last 12 months has been to polarise opinion in Wales about the way that Wales should be governed. There are some people who take a lesson that we would be better off handing Wales back to Whitehall. There are some Conservative candidates standing in the Senedd elections who apparently take that view. It has undoubtedly strengthened interest in those people who believe that Wales should be taken out of the United Kingdom altogether.

If those of us who take a different view do what you have just suggested, Chair, I think we are in great danger. If our answer to that is simply, as you put it, some tweaking of the status quo, if we look like what we are in favour of is the way things are now, if that is what we appear to offer, I think we are in trouble. To quote another Conservative Member of the Senedd, David Melding, what we have to do is recognise that the Union, as it is, is over. We have to create a new Union. We have to be able to demonstrate to people how we can recraft the United Kingdom in a way that recognises it as a voluntary association of four nations in which we choose to pool our sovereignty for common purposes and for common benefits. We have to have a different story to tell than simply trying to persuade people that the way things are is good enough.

**Q7 Chair:** I have one final question before I bring in my colleague Beth Winter. Very briefly, in terms of the four nations working that you are talking about, a practical example of it is reopening the economy following this current wave of lockdown restrictions. Do you see Wales



opening up on a timetable broadly aligned with the one that the Prime Minister has already outlined for England? Do you think there is a good case for a broadly aligned approach between England and Wales?

**Mark Drakeford:** Broadly aligned, I think, across the whole United Kingdom. I think all four Governments will look to reopen parts of society and the economy as conditions allow. Broad alignment, though, does not mean doing everything the same. There will be some opportunities because rates in Wales are significantly lower than they are in England, and we may be able to restore some economic activity earlier than the Prime Minister's roadmap currently suggests. I would not want to deny businesses in Wales a chance to get back trading because we were waiting for somebody else to be in the position that we had already arrived at.

Q8 **Chair:** Okay, and hopefully get the children back to school as well.

**Mark Drakeford:** Yes.

Q9 **Beth Winter:** Diolch yn fawr, Mr Drakeford i ddod heddiw i siarad gyda ni. My first question is on the recentralisation of power in Westminster and a general widespread concern in Wales about the UK Government's determination to ride roughshod over the devolution settlement—you have already touched on this in your discussion with the Chair—the management and administration of the shared prosperity fund, the United Kingdom Internal Market Act, and the levelling-up agenda.

I want to home in on the levelling-up fund and the announcement last week that it will be administered centrally throughout the UK. Your Finance Minister has called this an assault on devolution, the way in which the bidding process is administered, and Jeremy Miles has said the UK Government have an appalling record of providing Wales with even a fair share of UK spending, let alone funding needed to level up. I am interested, First Minister, in hearing what your views are on this development and, more generally, anything further you want to add in terms of what needs to be done to stop this overriding and bypassing of our devolution strategies in Wales.

**Mark Drakeford:** Diolch yn fawr for the question, Beth. In my answers to the Chair and the Committee in opening, I have tried my best to strike as balanced an account of the current state of relations as I have been able, pointing to places where things are reasonably good. As far as the Internal Market Act and the levelling-up fund are concerned, I really believe these are poisoning the well of intergovernmental relations across the United Kingdom. The Internal Market Act, we believe, is unconstitutional. We believe it attempts to reform devolution by the back door, that it gives UK Ministers Henry VIII powers to undermine the Government of Wales Act. As you know, we are pursuing the Act through the courts on that basis.

When the Bill was going through the House of Commons and the House of Lords, a succession of Government Ministers were put up to say that



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the Bill did not take responsibilities away from devolved Administrations, that the UK Government were committed to working with and engaging heavily, that there would be governance structures, that the devolved Administrations would have a place within them, and that before any announcements were made on spending proposals there would be consultation and close engagement. I can tell you that none of that turns out to be true.

Where the levelling-up fund is concerned, back in November at the spending review, the Treasury was absolutely explicit that this would lead to consequential for the devolved Governments in the usual way. That is what the text of the Treasury statement said. Just a few short weeks later, and without a single conversation—very far from close engagement, joint structures and all of that—we are simply informed that the Treasury has reneged on everything that it said and that the UK levelling-up fund is now going to bypass devolved Governments altogether. I believe it will lead to a series of random investments with no strategic sense of purpose behind them and with a trail of difficulties in their wake over, for example, the way in which future liabilities for those investments are to be picked up.

It is far more than just disappointing. It makes the life of those of us who want to argue for a United Kingdom far more difficult. It tells me that, for the first time since devolution, we are dealing with a UK Government who are aggressively unilateral in the way they make these decisions and that there is outright hostility to the fact of devolution at the heart of the Government. Not universal, of course, but at the heart of the Government there is outright hostility to devolution and a belief that the best way to deal with it is to bypass it, to marginalise it, to act as though devolution did not exist.

**Q10 Beth Winter:** My second question relates to the Budget yesterday, specifically the failure of the Chancellor to mention funding for our high-risk coal tips. As you know, Rhondda Cynon Taf, where my constituency of Cynon Valley is based, was one of the worst in the UK affected by the flooding. We have over 60 of those identified high-risk coal tips in the local authority area. What do you feel should be done to secure adequate funding for Welsh Government and Wales to deal with what I feel is a looming disaster?

**Mark Drakeford:** Again, I am doing my best to be as even-handed as I can be. Let me say that the group that we have put together to respond to flooding and, more lately, the events at Skewen has been a jointly chaired body by the Secretary of State and myself. The UK Government have provided funding in this financial year from the Treasury's contingency fund to deal with the most immediate impact. Let me acknowledge all of that to start with.

I have two points of disagreement with the UK Government. The first is the most profound. Treasury Ministers assert continually, in the face of all the facts and in the face of all the founding documentation of devolution,



that the upkeep of coal tips is a devolved responsibility, whereas what we are dealing with here is a legacy issue that occurred well before devolution was ever inaugurated. The founding documentation of devolution is clear that, where liabilities arise that existed before devolution began, it is the UK Government who are responsible for those things. The coal tips were there for many decades before devolution ever happened, and the state of them and the fact that we are now in an era of climate change and they have to be further reinforced and made safe is, I believe, a legacy issue for which the UK Government should take responsibility. So far, Treasury Ministers act as though that were not the case at all.

My second problem is that I don't think this can possibly be solved by a year-by-year negotiation with the Treasury reserve. The Coal Authority, which is an entirely non-devolved body—and there is a bit of a clue in that as to where responsibilities lie—has done good work in Wales, alongside local authorities and the Welsh Government. It has now done the survey to which Beth Winter referred. It says that a programme of between £500 million and £600 million is required over a decade to make coal tips in Wales safe against the impact of extreme weather events.

What we need, therefore, is a 10-year funding programme outside Barnett that guarantees to those communities that the funding necessary to make them safe will be found year on year in the way that the Coal Authority has set out. That is what we should be aiming for. It would be powerfully symbolic of the case for the United Kingdom if we could agree on such a programme, because it would be a combination of the spending power that the UK can mobilise for this purpose, working alongside the devolved Government and all local authorities to address the issue, as you very well know, as the Member of Parliament for Cynon Valley, of coal-tip safety. There is nothing that sends a shiver through those communities more, given the history, than anything of the sort we saw in Tylorstown and in Wattstown in the last 12 months.

**Q11 Beth Winter:** My final question is just to see whether you agree with me. In terms of climate change we have been at the forefront, I feel, in Wales. We were the first to declare a climate emergency and you have recently published a ground-breaking new Wales transport strategy, looking at renewable energy and tackling the climate agenda. Would you agree that, in looking at the post-Covid economy, the climate agenda must underpin the economy? I have an advisory group looking at just that in Cynon Valley. Can you reassure me that is a fundamental issue that you continue to be committed to tackling?

**Mark Drakeford:** It is the other great crisis of our time, and we absolutely must be committed to tackling it. We are very fortunate in Wales because we also have some economic opportunities that come with creating the renewable energy streams of the future that the globe will need, and we are so well placed to be at the forefront of developing and creating the jobs and the economic opportunities alongside that.





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**Chair:** Thank you very much, Beth, and excellent timekeeping as well.

Q12 **Simon Baynes:** Thank you, First Minister, for giving us the courtesy of two hours of your time this afternoon. It is much appreciated.

I want to start with the economic resilience fund and ask you to give this some consideration. What I have found with companies in my constituency of Clwyd South, and more widely in Wales in my role as the Conservative small business ambassador, is that a lot of them have been having problems with the application to ERF, in terms of the system crashing, the information requirements being unclear and the fact that they are never quite sure when the application process is going to close. There is no given timeframe. It could be a matter of hours or it could be longer. In some cases it has been just nine hours. This has led to a great deal of uncertainty and concern among companies. Do you see that there are ways that you could improve the mechanism for business grants in the future?

**Mark Drakeford:** First, of course, we are always interested in ways in which we can improve the system. Certainly, if there are practical ideas and experiences of people who use the system, they are very valuable to us in improving it because you learn a lot from hearing their views. It is fair to say that nearly £2 billion-worth of funding has gone from the Welsh Government's coffers and is already in the hands of businesses here in Wales, so very large numbers of businesses have successfully managed to navigate the scheme and to get the funding they need.

The system has sometimes come under pressure, as Mr Baynes has said, from the sheer volume of interest and applications. The systems have crashed occasionally, but I know people have worked hard to get them back up and running as fast as possible. There are some funds, but it is the minority of funds that we have had, which just have to depend upon the volume of applications that we receive for the length of time that the fund can be open. That is a minority. Most funds are not like that. Most funds are guaranteed if you meet certain criteria. All firms that meet those criteria will get that funding.

There are other funds where we simply have not had the volume of funding available to make them open-ended in that way, and the way we have dealt with that has been to keep the application open for as long as we can. At the time when we are clearly going to run out of funds, we draw the application round to a close. I recognise, and I am happy to recognise, that that is a source of frustration to firms that might have made applications beyond the point at which the fund is closed. It has just been a pragmatic way of matching the resource we have to the need that we know is out there.

Q13 **Simon Baynes:** Moving on to vaccinations, obviously the overall UK vaccination programme and particularly the collection of a suitable number of vaccines early on in the process last year has been a great success for the United Kingdom. I know that in my area of north Wales



everybody involved is doing their very best, but there seems to be a slightly intermittent problem in terms of some people getting the vaccines in time with the Welsh Government programme and some not. I wanted to flag that issue to you. I get emails and correspondence almost every day from people saying, "In north Wales we are not getting the vaccines as soon as other people do in south Wales and in England".

I take that as part of the day-to-day issue, but I just wanted to flag that issue to you and perhaps suggest that a greater use of the pharmacy network—which I think is much less used by the Welsh Government and the local health boards in Wales than it is in England—might be a very good way to improve the rollout of the vaccine.

**Mark Drakeford:** Could I address that in three points? First, the effort that has been made in north Wales has been genuinely exceptional in making sure that the volume of vaccination is done at the level it is. More people have been vaccinated in north Wales than in any other part of Wales, and that is absolutely thanks to the clinical community who have come forward in such numbers and with such enthusiasm to do so.

This is a slightly complicated point, and I do not always manage to convey it as crisply as I would like, so I will try as best I can. One of the reasons we all get emails and letters from people saying, "I haven't been vaccinated but I know somebody who is in a lower priority group than I am who has" is this. As soon as 50% of people in a priority group have been vaccinated, we allow health boards to begin to call people from the priority group below them. That is simply to make sure we never have vaccine going to waste. As a category begins to be vaccinated, if you get down to a relatively small number of people still waiting, you do not have a pool of people who you can call in at short notice to make sure that every drop of vaccine gets used. There will be cases all the time where people will be able to find somebody who appears to be in a lower priority group than they are who may have been vaccinated, but it is simply because we are determined that we will not have vaccinators not having people there to vaccinate.

Members will know that if you open a tray of Pfizer vaccine, you have to use it all. You cannot keep it for the following day. Some flexibility between categories is necessary in order to deliver vaccination at the most efficient rate. That is why we all end up having to explain to people why there will be examples of the sort we all hear about.

I am pleased to say that we have advanced plans to deploy more community pharmacists as we move further into March and the beginning of April. That will allow us to deliver vaccination to the whole of the next five priority groups, groups 5 to 9, by the middle of April. We have relied heavily on our GP colleagues and they have done a fantastic job, but we need to bolster them with other members of the primary care team, and pharmacists have a very important role to play in that.

Q14 **Simon Baynes:** Moving on to the all-Wales NVZ regulations, a lot has



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been said about that and debated yesterday. The bit that puzzles me is why, if the Agriculture Minister said more than seven times in the Senedd that this would not be introduced during the pandemic, it has now been introduced during the pandemic.

**Mark Drakeford:** We have weeks of this Senedd term to run. The Environment Minister has held back on bringing forward the regulations for as long as possible. The regulations are absolutely necessary if we are to be serious, as Beth Winter suggested, in dealing with the impact of climate change. We cannot possibly go on condoning a position in Wales in which we have three major pollution incidents each week in the agriculture industry, a number that has failed to fall, despite years of encouragement and voluntary effort.

Now is the time in which we have to use the force of regulation to bring the performance of the failing farmers into line with those farmers who have already done a great deal to make sure that they run their part of the industry in a way that does not pollute the air and watercourses, does not lead to major river incidents and does not undermine the reputation of the industry.

For all those reasons, having left it as late as we could in the Senedd term, we took the decision that we had to bring the regulations forward. I am pleased that they were approved by the Senedd yesterday.

**Simon Baynes:** My last question—

**Chair:** Very quickly. One minute, please.

Q15 **Simon Baynes:** Okay, it is a very quick question. I represent the Llangollen steam railway, and other heritage railways have a problem with the sourcing of bituminous coal. Is there anything the Welsh Government could do to save us from having to import it from Russia?

**Mark Drakeford:** As it happens, I was in conversation with senior figures at the Llangollen steam railway on Monday of this week. I am very aware of the issue that Mr Baynes has raised. The Welsh Government go on having conversations with the sector to see how we can help to support it, both in relation to the particular issue raised and more generally, given the impact that the pandemic has had on many of those voluntary-run organisations that matter a great deal in different parts of Wales.

Q16 **Geraint Davies:** It is good to see you, First Minister. Can I turn to coronavirus? We know that in Wales we have an older, more vulnerable population to coronavirus. Can you very quickly run through the key differences in your approach in Wales to how we have taken it in England and whether there is any evidence at all that that has saved more lives?

**Mark Drakeford:** First of all, to confirm what Mr Davies has said, we do have an older, poorer, sicker population in Wales and we would have expected that coronavirus would have a greater impact in Wales than elsewhere. We certainly have seen some parts of Wales, the Cynon valley



and other parts of Rhondda Cynon Taf, which have borne the brunt of the virus because of the topography of those areas and the nature of its history.

We have gone about coronavirus in some different ways from the UK Government. We have certainly had a different approach to securing PPE and making sure it is available. I think over 660 million items of PPE have now been provided in Wales, and just under half of that has gone to the social care sector. We took a decision very early on to relieve private businesses of the responsibility they previously had to secure their own supplies of PPE and to pay for it. We have supplied all those outlets ourselves, and we have not charged them for it. We have secured those supplies through our NHS shared services.

**Q17 Geraint Davies:** What about social distancing, travel and contact tracing? Are there any differences there?

**Mark Drakeford:** Certainly in contact tracing, because our TTP scheme is entirely run in the public sector. It is run locally. It does not rely on large, national, profit-making organisations to run it, and I think it has been far more successful as a result.

Of course, we have put all our safeguards into regulations. That has been another big difference between ourselves and some other parts of the UK. We have not relied on guidance. When we say two-metre distancing in the workplace, that is obligatory and the law in Wales. It is there in regulations and is enforceable by environmental health officers and others, rather than simply being guidance. No matter how strongly you state the guidance, in the end it is not enforceable by any enforcement agency.

**Q18 Geraint Davies:** Did early lockdowns save more lives, do you think? Is there any evidence in terms of excess deaths that all these more cautious approaches have yielded benefits?

**Mark Drakeford:** There is evidence. It is evidence that, in some ways, I struggle a bit to understand fully, but in the first wave of the virus the gap in excess deaths between the rate in England and the rate in Wales was around 10%. That is counterfactual. That is why I struggle a little to understand it. Given that we have an older, sicker, poorer population, you would have expected that our additional rate of excess deaths would have been higher than our neighbour, where socioeconomic conditions are more favourable.

In practice, it has been the other way around. Part of that will be explained by some of the factors we have just been rehearsing. Others I think we will only understand when we have greater distance and more of a chance to look back rigorously.

**Q19 Geraint Davies:** If in England they had had earlier lockdown—we had the firebreak—if they had enforced legislation on two metres, rather than hope for the best, if they had enforced travel limits of five miles or



whatever, and so on, do you feel that more lives could have been saved in England had they done the same as we have done in Wales?

**Mark Drakeford:** I don't know that it is for me to draw conclusions about what would have happened in England. What I will do is simply say that when we have exercised our powers to go into, for example, two firebreak periods early and deeply, we are simply following the clear advice of SAGE and other scientific committees that advise us. Their view has always been you should act early and you should take all the actions that you need right at the beginning. That way you will save lives.

Q20 **Geraint Davies:** Can I turn you quickly to rail investment? My understanding is that rail investment in Wales is less than 2% of the UK total. That is for enhancements rather than maintenance. We have 5% of the population and something like 11% of the rail. Do you feel that we should have more of a proportionate share? In terms of connecting the Union, do you think there is a strong case to have a more high-speed and frequent connection from Bristol to Cardiff to Swansea and, indeed, to west Wales, given that HS2 itself does not run through Wales and there might be a displacement of investment and jobs?

**Mark Drakeford:** Wales has been very badly served by rail investment over the last decade, as Mr Davies says. We have 5% of the population and under 2% of the rail investment. We have 10% of the track. We have 20% of level crossings, yet we have between 1% and 2% of rail investment overall. That has served Wales very badly.

I look forward to the publication of the Williams review, to which we contributed over a year ago. It has been with the UK Government waiting for publication for 12 months now. We have contributed very positively to the Hendy review of connectivity. As members of the Committee will know, the Burns review says, in terms, that one of the reasons we have a problem with congestion at some points on the M4 around Newport is because we do not have rail connectivity along south Wales that allows people to make use of it as an alternative to travelling on the road. The Burns proposal for six new stations and an upgrading of the second track that is already there and could be made much better use of is an important piece of infrastructure investment that will make a real difference to inter-Union connectivity and particularly to the south of Wales.

Q21 **Geraint Davies:** Do you feel, now that we have Transport for Wales up and running, and we have the knowhow to deliver these projects—the Department for Transport has to look across the United Kingdom and would not have that focus of delivery—that we should be doing more of that and have more resources and more powers to do the job and to get higher productivity for Wales?

**Mark Drakeford:** I certainly think that Transport for Wales is an important resource that can be used for the local purposes for which the Welsh Government have direct responsibility. If the UK Government were



prepared to invest in the upgrading of that second line, in the way that the Burns Commission reports and we have put to Hendy, the on-the-ground knowledge that Transport for Wales could bring, we would very willingly put that at the disposal of any plan to invest in that way, so that you have that close-to-the-ground expertise that makes those sorts of investments flow more quickly and more effectively.

**Q22 Geraint Davies:** On Brexit briefly, obviously there have been a few problems. UK-wide, there has been nearly a two-thirds reduction in exports because of paperwork and problems with Brexit. Do you feel that if the Prime Minister had listened to you, when you sent your letter saying that the transition period should have been extended because of coronavirus basically delaying preparation and negotiation, we would have ended up in a much better position?

**Mark Drakeford:** I was genuinely baffled by this. I wrote to the Prime Minister back in June last year, not long after the coronavirus crisis had begun, to say that this was inevitably going to have an impact on the negotiations that were being conducted. People could not travel. They could not meet in the way that they did and it was more difficult to obtain the information that was necessary. I suggested to him that it would make simple good sense to look for an extension to the transition period to take account of the delays that the global pandemic has created for us all. I wrote again in September, jointly with the First Minister of Scotland, putting the same points to the Prime Minister. On both occasions that case was rejected.

It meant that we ended up with a deal being negotiated right up to a deadline, with many, many aspects of it unsatisfactorily concluded and now beginning to emerge daily as we try to make the deal work. I do not think people would not have understood that the extraordinary conditions of this year would have argued for a longer period—not much longer, a few months longer—to make sure that the best possible deal could have been struck. I am afraid that, by the way we were so determined to regard the end of the year as some impossible to alter deadline, we have now ended up with a very thin and unsatisfactory deal.

**Chair:** Sorry, Geraint, we are going to have to move on to Virginia.

**Geraint Davies:** I thought I had another 30 seconds, Chair, on my timing, but there we are. I was hoping to get a response on the Budget.

**Q23 Virginia Crosbie:** Prynawn da, First Minister. It is lovely to have you on the Committee. My first question relates to freeports. I was delighted that the Chancellor yesterday announced eight freeports in the Budget. The bidding process opened in November and closed on 5 February, and the decisions were announced yesterday. As First Minister, I am sure you are aware that I put together the Anglesey freeport bidding and consortium. It is the only bid in north Wales, and it is the only bid to include a university in Wales. My question relates to the *Financial Times*, which suggested that the bidding process for Welsh freeports had been held



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back due to your Government's concerns about economic displacement and potential risks associated with freeports. Is this indeed correct?

**Mark Drakeford:** Anybody sensible would be worried about displacement in freeports. It is a history of other parallel sorts of initiatives that have been tried in the past. As I say, anybody with a serious view of this would want to be reassured that freeports do not simply displace activity from other places into freeports, leading to no net benefit.

**Q24 Virginia Crosbie:** If we look at it the other way round, what are your thoughts on the concerns that the British Ports Association has that Welsh ports, like Holyhead, could suffer displacement of economic activity to English ports, like Liverpool, if the offer of at least one freeport in Wales is not accepted by the Welsh Government?

**Mark Drakeford:** We continue to be in discussions with the UK Government about the freeports proposal. It is a UK Government proposal, not a Welsh Government proposal. The Finance Minister, Ken Skates, met the Chief Secretary to the Treasury a couple of weeks ago. We followed that up with a letter to the Chief Secretary raising a number of issues. I do not believe we have received a reply to that letter, as of yesterday, but we remain prepared, of course, to continue that conversation.

There are three points that we were particularly keen to explore, and the first is conditionality. We will not be keen to sign up to a freeport proposition that leads, for example, to a reduction in environmental standards. The UK Government have agreed conditionality with the Scottish Government in that way. We would look for joint decision making, given that devolved and non-devolved responsibilities are at stake in freeports. Again, the UK Government have agreed joint decision making with the Scottish Government. We look for the same level of funding for a freeport in Wales as is being made available to all freeports in England. About £25 million is available to a freeport in England, and we would expect to see the same level of funding for a freeport in Wales. Once we have progress on those three things, the conversation can certainly continue.

**Q25 Virginia Crosbie:** Are you confident that these will be resolved? When would you expect the bidding process to start once they are resolved?

**Mark Drakeford:** All those issues are resolvable. It is difficult for me to answer the second question because the ball is in the court of the UK Government at the moment. Having had a meeting and having written to them setting out the prospectus for a further round of discussions, we wait for a response to that letter. The Chancellor was clear in his Budget yesterday that those discussions will continue, and we will participate in them positively against the agenda that I have just set out.

**Q26 Virginia Crosbie:** Regarding Wylfa Newydd, the nuclear power station here, the Prime Minister recently stated in the House of Commons



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Chamber that he is a fervent supporter of Wylfa Newydd. How would you describe your level of support?

**Mark Drakeford:** We have supported Wylfa Newydd very positively. It is a UK initiative. Nuclear power is not a devolved responsibility. It was very disappointing for people on the island when the last effort to develop Wylfa Newydd did not come to fruition. I was very disappointed that we were unable to complete the DCO process. That is part of the process that the Welsh Government have a direct interest in. I pressed Hitachi and Horizon, and indeed the UK Government, to bring that process to a conclusion because it would have left a legacy for people on the island for all the efforts that they had made in the previous attempt to develop the site.

Q27 **Virginia Crosbie:** Hitachi asked for an extension and the UK Government gave them the extension, not only to the date they wanted but an additional one. What conversations have you had with the UK Government regarding funding for the project?

**Mark Drakeford:** I beg your pardon, I am not quite sure I have understood the question.

**Virginia Crosbie:** On funding for the Wylfa Newydd project, what conversations have you had with other stakeholders, Treasury or BEIS?

**Mark Drakeford:** The last significant discussion we had with the UK Government was when, during the last Administration, the UK Government decided that the basis on which they had taken forward discussions with Hitachi was no longer satisfactory as a way of funding nuclear investment and they looked to put a different model in place. This was when Greg Clark was the Secretary of State at BEIS and we were engaged directly with BEIS on the alternative funding model. I do not know that we have an alternative funding model agreed for the future of nuclear investment. If the current UK Government are continuing to work on that and if there is anything useful that we can contribute to it, we will, of course, be willing to do that.

Q28 **Virginia Crosbie:** Did the Welsh Government receive moneys from the UK Government for the contaminated blood scandal as part of the devolution settlement, or have you subsequently received money?

**Mark Drakeford:** This a story of two halves. Up until about three or four years ago, whenever there was an uplift in money for contaminated blood—given that the whole contaminated blood scandal predated devolution by a number of decades—any money for an uplift in England led to a consequential for Wales. During the time that Jeremy Hunt was Secretary of State for Health, that agreement was broken and the Department of Health went ahead with different arrangements for funding in England without there being consequential funding to allow similar uplifts to happen in Wales. For the bulk of devolution, for three quarters of devolution, the system worked as it should have done. Then there





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came a point when, unilaterally, the Department of Health decided that it could no longer proceed in that way.

Q29 **Virginia Crosbie:** Regarding ports—Holyhead, Fishguard and Pembroke—your Government have been very critical of the UK Government’s response to the decline in freight numbers at Welsh ports. What solutions to this problem do you wish to see from the UK Government?

**Mark Drakeford:** What the UK Government have to do is work with port operators and hauliers to simplify some of the processes that are currently resulting in either hauliers not bringing forward goods at all—goods are remaining in warehouses and not being transported through the ports—or hauliers in the Republic of Ireland going directly to Spain or France or diverting up through the Republic of Ireland into Northern Ireland and entering the UK through England and Scotland. At the moment, hauliers are making longer and more expensive journeys because they are attempting to avoid the bureaucratic uncertainty that they believe surrounds travelling into ports in Wales. That is the problem that needs to be solved by the UK Government and the Republic of Ireland Government.

When I last discussed this with the Foreign Minister of the Republic, he was clear to me that he believed the best routes for that trade are directly from the Republic into Wales. At the moment, trade in Holyhead is 55% of what it would have been this time last year and trade in Fishguard and Pembroke Dock is 40% of what it would have been this time last year. If we are not very careful, the alternative routes that are currently being taken will stop being temporary ways of avoiding the immediate difficulties and will become established different ways of behaving and Welsh ports will lose out permanently.

Q30 **Virginia Crosbie:** First Minister, how confident are you that both sets of facilities will be completed and operational in Holyhead in time for the full implementation of the border operating model in July? That is a yes or no answer.

**Mark Drakeford:** No.

Q31 **Ruth Jones:** Good afternoon, First Minister, and Mr Clifford and Mr Jeffreys. Diolch yn fawr iawn am eich amser prynhawn yma. My first question deals with the shared prosperity fund. As you know, First Minister, I am a fairly new MP and ever since I have been in Parliament my Welsh colleagues have talked a lot about the shared prosperity fund, but I am still not clear on the criteria for allocating the funds or the decision-making process. In January we had the Secretary of State for Wales before the Committee. He said he wanted the Welsh Government to play a very significant role in the process as a partner, not a competitor. How do you see this partnership working in practice? Do you have any idea of the timescales or assessment criteria?



**Mark Drakeford:** Diolch yn fawr to Ruth Jones for that question. I believe that the shared prosperity fund made an appearance at the Budget yesterday, only it is now called something else. I hope I am getting this right, because it is less than 24 hours ago. I believe it was referred to yesterday as the community renewal fund. When the shared prosperity fund was mentioned in the spending review in November, the Secretary of State wrote to the Welsh Government and said that he was arranging a meeting for Jeremy Miles, our Counsel General and Minister with these responsibilities, with the UK Ministers who would be designing the fund. I think he wrote to this Committee again in January saying that those meetings were being arranged.

Those meetings have never been arranged. No meeting of any sort has ever been offered and, with three weeks to go, I believe a prospectus was published yesterday. Again, I have not had any opportunity to see it and certainly the prospectus was never shared or discussed in any way with the Welsh Government before it was produced yesterday. My understanding is that this is now a fund that will operate entirely on a competitive basis, so there is no guarantee that a single penny from this fund will come to Wales. The fund is to be administered through the Ministry of Housing, Communities and Local Government in Westminster. I look fearfully at the report of the Public Accounts Committee into the way that the Department dealt with the towns fund, where its decision making was very heavily criticised, not least because of the very apparent political bias in the way that funds were disbursed.

I am afraid that what the Secretary of State was reported as having said to the Committee has certainly not been delivered in practice. Now we have a fund with three weeks to go that the Welsh Government have no part in at all, and where the outcomes for Wales are nothing like the promise that was made that Wales would not be a penny worse off as a result of the European Union.

Q32 **Ruth Jones:** I share your unease at this abrupt change in direction.

Moving on to my second question, you have already mentioned the Burns commission and the Union connectivity review, but as a south-east Wales MP it would be remiss of me not to mention these because constituents in my area are very keen to know what is going to happen with our infrastructure review. Do you see the Burns and Hendy reviews as interlinked? How do you see the Burns report progressing, given it was the first one to be developed? What are your main priorities from it and the Union connectivity review?

**Mark Drakeford:** I think they are intimately connected. Lord Burns gave evidence to the Hendy review, making the very powerful case that Sir Peter Hendy was asked by the Prime Minister to come up with schemes that would improve connectivity within the Union of the United Kingdom and that it could do so as immediately as possible, that these were not to be schemes that required years and years of preparation and could only happen in the distant future.



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His remit was to come up with ideas that we could get on with and Lord Burns's pitch—if I can put it that way—to the Hendy Commission was that his proposal was exactly that because here is a railway line that already exists. It does not need all the planning permissions and upheavals that have been necessary in HS2, for example. The line is there and it needs upgrading and investment in six stations. The Burns Commission report said that would make it a good deal more convenient and attractive for people who would like to leave their cars at home but at the moment do not have any feasible alternative.

To deliver Burns, we need the Hendy review to come in behind it and it is waiting there to be done. The analysis carried out by Burns demonstrated that a great deal of the traffic that goes past Newport is traffic travelling between Bristol and south Wales in both directions. People live either side of the border but work on the other side. Inter-Union connectivity is baked into that proposal, and the convenience it would bring to people to get them off the road and on to the railway is very real.

In the meantime, we get on with other aspects of the Burns review. As you will know, we have brought a team together involving the local authorities, Transport for Wales and the Welsh Government. It is there already. It is doing the work we have asked of it, and it will work on other aspects of the review. There are many things going on that will make a difference to that part of Wales, not least of which is the completion of the dualling of the Heads of the Valleys road. The Welsh Government let the contract for the final section of that in the autumn. Once that is dualled all the way from the midlands down to Swansea, traffic that at the moment has to come down to Newport and along the bottom of the M4 will no longer need to do that.

That is a single example of a range of other initiatives that we can take forward that would add to that major component of the Burns review, the upgrading of that railway line and the creation of new possibilities for people to use it.

**Q33 Ruth Jones:** I am pleased that you recognise the fact that the congestion is traffic travelling through. Newport West always seems to get blamed, "It is your problem", so I think that is really helpful. Thank you for that.

In my role as a shadow Minister in the shadow DEFRA team, I am particularly interested in the importance of air quality and the natural environment. I am aware that the Senedd is pushing forward on a clean air Bill. Could you enlighten the Committee on the contents of that Bill and the other environmental improvements you and your Government are working on?

**Mark Drakeford:** Thank you very much indeed, Ruth. Just to confirm what you said, the detailed analysis of the Burns review showed that the bulk of the congestion that is caused is not Newport-to-Newport traffic,



which has been suggested by others in the past. It is commuter traffic going from Cardiff-Newport-Bristol and all places in between.

For me, one of the sadnesses of the last 12 months has been that we were not able to bring a clean air Bill in front of the Senedd in the way that we had intended. We had to postpone a whole series of very important legislative measures we had intended to take to deal with the extraordinary impact of the virus. The clean air Bill that we promised is one of those.

We have published the White Paper on it. We will have a Bill going into the next Senedd term. It will deal with the hotspots of air pollution that we have in Wales. You will be familiar that we had to take exceptional action in Caerphilly and in the centre of Cardiff because of the level of air pollution. It will deal with the impact of wood burning as a source of pollution. The impact that has on the health of people. It will deal with the impact of transport more generally.

Alongside the air quality Bill specifically, we will be taking a whole range of other measures to deal with environmental impacts in Wales, ranging from flooding at one end of the spectrum and the shift that we wish to see away from over-reliance on concrete solutions to flooding, to more natural, nature-based solutions to dealing with flooding. At the other end of the spectrum is agricultural pollution, in the way that Mr Baynes said, and our determination that we bear down on the unacceptable level of agricultural pollution incidents that we see in Wales today, which has an impact not just on water pollution but on air pollution as well.

**Ruth Jones:** Thank you very much. I will save my last question on steel for another day and hand you back to the Chair with 30 seconds to spare.

**Chair:** Ruth, thank you. That is typically selfless.

Q34 **Robin Millar:** First Minister, it is good to meet you this afternoon. Neis iawn i gyfarfod chi a diolch am eich amser y prynhawn yma. I will start by saying that my concerns are those of residents in north Wales, and the questions I bring to you are very much driven by what they have been saying to me. The Welsh Government have been in Labour control for nearly 24 years now. That is something of a record and it is to be congratulated, but with that comes responsibilities. I will start by suggesting, for example, in north Wales we look at health and the Betsi Cadwaladr Health Board, which you will be familiar with. It has been in special measures for five and a half years, and I believe a change of designation has just happened recently, so it now requires targeted interventions. Why has it taken so long to get to grips with this problem, First Minister?

**Mark Drakeford:** I am going to raise a question with you. I am willing as a matter of courtesy to answer questions from members of the Committee but I am here to answer questions on intergovernmental relations, to which the last question has no relevance whatsoever. I am accountable to the Senedd, the elected Members of the Senedd, for the



discharge of responsibilities for the health service. I am happy to answer the question, as a matter of courtesy, but I want to make it clear that I am not answerable to this Committee for the conduct of the health service in Wales. That is a Senedd devolved responsibility, and it has nothing to do with the invitation that I answered in coming in front of you this afternoon.

**Robin Millar:** If you wish not to answer it, that is entirely in your gift.

**Mark Drakeford:** I want to be as courteous as I can to members of the Committee. The health service in north Wales is on a trajectory of improvement. Its performance in the last 12 months has shown just how well it has served people in north Wales during the pandemic. I think its record on vaccination and the sustaining of other key NHS services during these extraordinary times will measure up to the performance of any health service in any part of the United Kingdom. There are some underlying issues that the health board has to tackle. That is why the Welsh Government are providing over £80 million over the next two and a half years in additional funding, over and above the funding that the board would get through the formula that other health boards are funded by, to tackle some of the underlying issues that the board faces.

Q35 **Robin Millar:** It is fair to say that the context of health in Wales is not a pretty picture, is it? It has the worst A&E waiting times, ambulance response times are poor and operation waiting lists are among the worst in Britain. I believe this has relevance to the wider United Kingdom and intergovernmental relations because, as we know, during the pandemic there was an offer extended to Wales to take on some of those waiting lists to help it cope. It is just the interests of residents, the same residents who vote for me vote for Senedd candidates in the elections. I think there is an intergovernmental theme here. I wonder, though—

**Mark Drakeford:** No, I am not going to move on without being allowed an opportunity to answer your comments, which I think bear no relation to actuality. The performance of the Welsh health service has exceeded the performance of the English health service in recent times. If you are interested in facts rather than simple assertions, you will find improvements in A&E performance last month whereas the performance of the English system deteriorated, in cancer services where our system has long been better than the performance of the system across the border, and in the performance of the ambulance service where once again the performance of the Welsh ambulance service improved last month where it deteriorated elsewhere. It is simply not a reflection of the reality of the health service that people in north Wales value a great deal more than the people elected to represent them appear to do.

It was an act of sheer cynicism on the part of the Secretary of State to write to me offering spaces in English hospitals for Welsh patients, just at the point when the English system in London was about to be completely overwhelmed by the impact of the count there. It was never a real offer; it was never intended to be a real offer. It was a cynical exercise in



political point scoring of the sort that I see being continued in this line of questioning this afternoon.

Q36 **Robin Millar:** I am sorry you feel that way, First Minister, and it is certainly not my intention to provoke you. It is a genuine question about the Betsi Cadwaladr situation because it points to the ability of the Welsh Government as an institution, the Welsh Administration, the Senedd, to raise capital. I can't see how the £82 million a year improvement package that has been agreed will lead to the improvements that are required in an organisation that has a revenue spend of £1.5 billion. Is it the case that this has just got away from the Welsh Government now and the problem has become too big for them to be able to handle? Do they need to ask for more money?

**Mark Drakeford:** I am slightly confused by the question, because the £80 million is not capital.

**Robin Millar:** I am sorry, the £82 million is for the improvement plan.

**Mark Drakeford:** Yes, it is all revenue, nothing to do with raising capital. That money is affordable within the budget available to the Welsh Government. We believe it is targeted at the underlying issues, the underlying deficits on the one hand, and we will see how that works out over the next couple of years. Other members will know that two other health boards have had underlying deficits recognised by the Welsh Government, in Powys and in Hywel Dda. When those underlying deficits are beyond the actions that the health board itself can take, the Welsh Government have been prepared to recognise that with additional funding.

Other parts of that funding package are to put in place sustainable services, particularly in orthopaedics and ophthalmology, which means that the health board does not need to use short-term money on waiting-list initiatives and buying in services from elsewhere. We want the health service in north Wales to have, within its own capacity, a sufficient level of service to meet those growing demands—the nature of the population means that orthopaedic needs will rise, as it is with ophthalmology—and £40 million of the £82 million that is devoted for that purpose will grow the service in north Wales so it can continue to meet the needs of the local population without needing to look elsewhere for services that may be available in the short term but are always more expensive.

Q37 **Robin Millar:** I understand from your answer that it is within the abilities of the Welsh Government to resolve that, and that there will be no need to look elsewhere for help. I do not want to put words in your mouth. I am trying to summarise and understand your answer.

**Mark Drakeford:** All that money comes from within the resource that is already available to the Welsh Government.

Q38 **Robin Millar:** May I move to the Union, please? I watched the Welsh Labour party political broadcast last night and enjoyed it. I thought it was



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very stirring. It painted a great picture of a beautiful nation and a diverse population. I thought it was very well made. I recognised some of the faces.

However, the plans that you lay out, as I understand them, paint a picture of even greater dependence, financial dependence, upon the UK. Is that correct?

**Mark Drakeford:** No.

Q39 **Robin Millar:** Then I have to ask you this next question. There are constant calls by the Welsh Government for more funding from the UK Government. Are you saying that is not the case? Have I misunderstood that as well?

**Mark Drakeford:** We would undoubtedly be in a better position to meet the needs of Welsh citizens and Welsh public services if our budget next year were not 4% lower in real terms than it was a decade ago. If you are asking me whether the Welsh Government would be better able to serve the needs of our citizens if we had not been faced by a decade of austerity—where the budget available for those purposes went down every year and is still below where it was 10 years ago—the answer is certainly yes. Does the Welsh Government’s ambition for Wales, and for the future that we would like to craft for it, depend upon our having funding above the level that we currently expect to receive? The answer is no.

Q40 **Robin Millar:** In terms of where that revenue could come from, the Welsh Government have struggled to raise the revenue from their own tax base and the mechanism is now there to do that. For example, in the last year before devolution 15,000 new jobs were created in Wales through inward investment. Last year, just 2,738 jobs were created in Wales. Are there plans in place to grow Wales’s own tax base over the next five years?

**Mark Drakeford:** Growing the tax base in Wales is a very important part of fiscal devolution. I completely agree with that, and of course the Welsh Government have a series of actions that we can take to contribute to that goal. They are, as ever, not levers that you can exercise in a vacuum. In answer to your basic question about the interests that all Governments in any part of the United Kingdom would have in growing the economy and tax base with it, that is of course an ambition that we share.

Q41 **Ben Lake:** Diolch cadeirydd a diolch i'r prif weinidog am fod yma heddiw. I would like to continue with one of the themes that Mr Millar touched on, the fiscal framework. I would be interested to know your thoughts, First Minister, on how the fiscal framework as it currently exists has served the Welsh Government and the people of Wales during the Covid crisis and whether there are any tools or levers that, perhaps in the height of the pandemic, you might have liked to have had in your arsenal.



**Mark Drakeford:** Diolch Mr Lake a diolch am eich cwestiwn wrth cwrs. As Finance Minister at the start of this Senedd term, I was the person who negotiated the fiscal framework on behalf of the Welsh Government with the then Chief Secretary to the Treasury, David Gauke. The fiscal framework has stood us in good stead over the rest of this Senedd term. We had to deal with extraordinary amounts of additional funding as a result of the pandemic, nearly £5 billion more than our budget was expected to be when we passed it in front of the Senedd this time last year. However, the fiscal framework does need to be revisited and is being revisited as part of the intergovernmental relations review that the Cabinet Office is hoping to conclude. While I think it has stood us in good stead, it is nevertheless incomplete. The statement of funding principles needs to be restated. That is common ground between us. Exactly how it will be restated is a matter for discussion, but the fact of its needing to be restated is agreed.

We also need a more reliable mechanism. The quadrilateral, as it is called, the meeting of the Finance Ministers with the Chief Secretary to the Treasury, has met practically monthly during the crisis. That has been one of the better parts of intergovernmental relations. As with everything else, however, it is ad hoc. It just so happened that way. What we need, and it is being agreed as part of the intergovernmental review, is a set of arrangements that is more dedicated, more reliable and has a greater parity of participation to be able to deal with financial flows across the United Kingdom in ways that are fair to everybody.

Q42 **Ben Lake:** Can I ask a supplementary on that topic? Do the Welsh Government have a view on any particular issues to do with their current borrowing cap? Is that something you will be pushing in these discussions?

**Mark Drakeford:** Absolutely. The borrowing cap in Wales needs to be lifted. It is where it was five years ago when the fiscal framework was negotiated, and that was never the intention. The intention was always that it would be reviewed and raised, as you would expect, with inflation and so on. This is part of a bundle of issues, though, at the less satisfactory end of the discussions. I have been very frustrated by the fact that Treasury has refused to allow us any flexibility to deal with our own money. In this way we are treated like a Government Department rather than a Government in our own right. What we have been trying to persuade the Treasury of is that we should have greater flexibility to be able to carry forward into next year money that we already have, to make different use of our reserves, to make better use of public money. That is the reason for it.

Artificially requiring us to spend the money before an arbitrary date, when, if that money could be used later, we could make better use of it for public purposes, seems to me to have no sense at all. We are not asking for any greater sums of money, in the way that Mr Millar seemed to imply. This is money that is already here and already in the Welsh





Government's coffers. This is just about flexibility over how that money can be used so that we get the best value out of it for the public. Borrowing limits and borrowing requirements are part of a bundle of issues where we are treated by the Treasury as though we are recipients of the rules that they make without any opportunity to have any influence or say in those rules. That is not satisfactory. That is not the way the United Kingdom can go on operating into the future.

**Q43 Ben Lake:** Touching on some remarks that you made in answer to the Chair's questions on home rule, I am quite interested to learn a bit more about how you envision the new entrenchment of the constitutional set-up. Do you think it would be a new form of fundamental UK constitution? Or is it more of a Wales Act, placed on a greater constitutional tier as a constitutional statute? How would you describe it?

**Mark Drakeford:** I believe what we need is a UK-wide restatement of constitutional relationships. I do not think this is a Wales-only issue. It is an issue for England and for parts of England. I recently met Andy Burnham and Steve Rotheram, the metropolitan Mayors of Greater Manchester and Liverpool. There is a shared agenda here between regional development in England and some of the ideas that I have about the future of the United Kingdom. The work that is being done by a group in Wales on radical federalism contributes very positively to a renewed form of architecture for the United Kingdom in which we recognise that sovereignty is now dispersed; sovereignty is held in four different elected Parliaments across the United Kingdom.

In Wales, certainly, we would positively and constructively want to pool some of that sovereignty back for shared purposes; a structure for the United Kingdom that allows us to operate in a way that, where there is the maximum capacity for decisions that in our case affect only people in Wales, those decisions should be made only by people in Wales. But when we have purposes that go beyond Wales, that are shared with other parts of the United Kingdom, we are able to co-operate and pool our risks and share the rewards. That is the sort of entrenched home-rule arrangements that I have in mind and that we have set out regularly as a Welsh Government, and on which my predecessor, Carwyn Jones, always, I thought, took a leading part in trying to foster interest and debate before it is too late.

**Q44 Ben Lake:** I could discuss this matter all day, but finally, in relation to some of these changes—and I agree it would require a fundamental reshaping of the UK constitution—are you confident, First Minister, that it would be possible in the near future, given the current dynamics in Whitehall, and particularly the institutional experience and memory of Whitehall, to see the UK Government embark on such a journey of renewal?

**Mark Drakeford:** I certainly think it is possible, but the current circumstances are very difficult. The *Financial Times* said recently that the Conservative party has to choose between the Union and the Prime



Minister because it cannot have both; that, if it sticks with Mr Johnson, it is effectively saying that the Union is over; that if it is serious about saving the Union, it needs a different leadership that is prepared to take the actions that will save the Union. At the moment, we have a Prime Minister who, I would say, clearly displays outright hostility to the fact of devolution. We heard what he told a group of Conservative Members of Parliament, that he thought devolution was Tony Blair's greatest mistake. I am afraid that, while there is a mindset of that sort at the centre of the Government, the break-up of the Union comes closer every day.

**Ben Lake:** Diolch yn fawr iawn i chi Prif Weinidog, diolch.

Q45 **Rob Roberts:** Prynawn da, Mr Drakeford, falch i gyfarfod chi a diolch am eich amser yma. I want to pick up on Government relations and maintaining public confidence in Government. Before I do that, I want to pick up on something that you mentioned to my colleague from Ynys Môn earlier on the topic of freeports. Generally speaking, do you feel that freeports, as outlined in the policy in England, would be a positive thing for Wales? Could you say what you feel might be the main benefits of that policy for Wales?

**Mark Drakeford:** Diolch yn fawr for that question, Mr Roberts. Freeports are not a policy of the Welsh Government. They have never been part of a manifesto that I have stood on, and I am not elected to introduce them. They are a manifesto commitment of the Conservative party at the UK level. My Government will participate constructively in conversations with the UK Government if they wish to make a case for freeports in Wales, but it is for those people who propose them to make the case for them, not for me. We will enter those discussions, and have entered those discussions, constructively. I set out earlier the issues that we raised in our letter to the Chief Secretary—conditionality, joint decision making and fair funding—and if we can bring those things off, and if the UK Government believe there is a case for freeports in Wales, that is an agenda we can work on together.

Q46 **Rob Roberts:** I appreciate that response. Thank you.

With regard to intergovernmental responsibility, where do you think responsibility lies? Is it 50:50, or is there a different split, in terms of whose responsibility it is to foster positive relations between the two Governments?

**Mark Drakeford:** I think it is a shared responsibility, definitely, of all four Governments to make things work. I said to you earlier that, since Christmas, we have had weekly meetings between the three First Ministers and Michael Gove at the Cabinet Office. Those meetings have worked very well and will continue to work very well, because all four participants come to that meeting looking to share information, solve problems and work together on agendas of common concern. I certainly think of it as a shared responsibility.

Q47 **Rob Roberts:** In those meetings, is there a sense that all the



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participants are treated as being on an equal footing? Would you say that maybe one party is dominant, or is it a reasonably equitable situation?

**Mark Drakeford:** At the risk of damaging his career, I will say that Michael Gove, who chairs those meetings, does so in a very even-handed way, in a way that allows the forum to be a place where anybody who has an issue that they wish to raise has the opportunity to do so, and in which there is a sense of parity of participation.

Q48 **Rob Roberts:** In fairness, he is one of the most unfailingly courteous people I have ever met.

On a slightly different theme, but along the same lines, whose responsibility would it be to maintain public confidence in governance generally? Would you say that there is a different level of responsibility? Should politicians maintain public confidence in governance generally or only in our own individual parts?

**Mark Drakeford:** We are best equipped to do that job in the parts for which we have our different responsibilities, but the business of sustaining public confidence in government goes from the community council to the Privy Council. At whatever point you are on the spectrum, you are discharging responsibilities on behalf of members of the public; the way that you do it will have an impact on people's confidence. Thousands of people are involved in those different layers of government, and we are best placed to do it individually in the part of the spectrum that we occupy.

Q49 **Rob Roberts:** I agree. It has been interesting to follow on from one of the earlier lines of inquiry about the health board. Even when the initial parts of the vaccination programme were not necessarily going as well as they could, my colleagues and I across north Wales felt it was incumbent upon us, as elected officials, to maintain public confidence in that process as much as we possibly could. I completely agree.

Would you consider, though, that quotations like, "We need a regular, reliable rhythm of engagement and a reliable meeting once a week would be a start," and "There is a vacancy at the heart of the United Kingdom" is the type of language that would foster positive relations and maintain public confidence in government? Or would that be something that might be designed to undermine public confidence?

**Mark Drakeford:** It was designed simply to reflect the position at the time. I have tried to be as generous as I can this afternoon about the fact that we now have a regular, reliable rhythm of meetings every Wednesday afternoon. I have tried to be positive about the fact that having that forum is a positive step forward. I have tried to be positive about the way that that forum is conducted. We did not have that at the point when I was calling for it.

What we had was entirely sporadic and unreliable forms of engagement. We would meet twice in one week, and then you could go three weeks without a meeting at all. I never felt that was the best way to sustain a



cross-United Kingdom effort in the face of a pandemic. What I was arguing for was a reliable pattern of engagement where we knew that every week we would be sitting round the table with the other three nations and that there would be a guaranteed opportunity to identify problems, share solutions and make sure we all understood the issues that we were all grappling with. The fact that we now have it is a step forward.

In the very first question, I was asked by the Chair about the extent to which the Prime Minister plays a part in all of that, and I will be frank with you that I do not think he plays the part that he ought to play.

Q50 **Rob Roberts:** I appreciate the answer. I would like to move on to devolution before my time runs out.

First, I would like you to give a general assessment, an overview, of how you feel devolution has served Wales over the past 20 years generally and during your time as First Minister specifically. Have there been any specific benefits from devolution? How well has it served?

**Mark Drakeford:** I don't think it is for me, necessarily, to make that assessment. I would rather give you the assessment of people in Wales.

Q51 **Rob Roberts:** I understand what you are saying. I would much rather have your assessment of it. It is your opinion that we are here to hear.

**Mark Drakeford:** Okay. My opinion is that devolution has been of major benefit to Wales. I spent many years of my political life arguing for decisions that are made for the people of Wales to be made by the people of Wales. Devolution has strengthened its grip on popular support over the 20-year period. It is only a small minority of people in Wales who would willingly go back to the way things were previously. That demonstrates that we have succeeded in making devolved governance in Wales a force for good in the lives of people, and that it is a fixture of Welsh civic and political life that the Welsh people wish to preserve.

Q52 **Rob Roberts:** You mentioned that decisions being taken at a more local level is a benefit, and I agree.

I am interested that, in a recent letter to the Chief Secretary to the Treasury and the Secretary of State, Rebecca Evans said, "The Welsh Government are best placed to make decisions on behalf of the people of Wales", as you have just said. Did you find that position to be disrespectful to MPs and local authorities across Wales, who are deeply embedded in their communities? How would you feel about even more localism and devolving powers from Cardiff Bay to north Wales?

**Mark Drakeford:** That question mixes up a large number of elements in a way that does not make a great deal of coherent sense.

The letter from Rebecca Evans was saying to the Chief Secretary that, when it comes to devolved responsibilities, the Welsh Government are best placed to discharge them, and therefore things like the levelling-up



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fund, which now seeks to spend money on devolved areas from Whitehall, would never give us the advantage that we would have if the same money were to be spent by the organisation that has the constitutional responsibility for those areas.

I am much more likely to agree with the second part of your question. I am a firm believer in the principle of subsidiarity. It is why the Local Government and Elections Act, which we recently put on the statute book, creates new forms of cross-local-authority committee that will strengthen our ability to do more things at a regional level in Wales in future.

**Q53 Dr Wallis:** Can I begin by thanking you, First Minister, for coming here today? It is great to meet you. I hope we can wrap this up nicely. You will be pleased to know that I am the last today.

I want to touch on a few things you have mentioned to other members this afternoon. In your answers to questions on the Union, you mentioned to the Chair that you felt that something had to change about the way things work at the moment. I believe you were referring to the settlement.

On what basis do you think there is a mandate for that, when current polling indicates that a majority of people support the status quo?

**Mark Drakeford:** My answers to the Chair were not primarily focused on extending the scope of devolution. I am happy to have that conversation because I think there are ways in which the current powers as they are, divided across the United Kingdom, could be made better. But my answer was less about that. It was about the intra-Government machinery that allows us to come together as four nations and discharge our shared interests in an effective way.

I do not think that the journey of devolution is complete. I do not think it makes sense, for example, for youth justice. That is not a responsibility discharged in Wales. Almost nothing that a youth justice worker does in their daily lives, on behalf of their clients, is a devolved responsibility. The same will be true of the probation service. There are ragged edges to devolution that could be better resolved than they are today. The big question that we were talking about at the start is the question that I was invited to come before the Committee on: is the United Kingdom and its four component parts working together for our common benefit and in a way that can sustain the Union?

**Q54 Dr Wallis:** I understand. You clearly indicated in your answer that you feel there is further scope, and “ragged edges” is the phrase you just used about the current settlement.

Are you committed to the current devolution settlement? If there was no public mandate and people in Wales were not in favour of additional powers coming down the M4, would you be committed to maintaining the status quo?



**Mark Drakeford:** I operate every day within the status quo. I spend my time dealing with the responsibilities that the Senedd already has, very extensive responsibilities with considerable independence of action to discharge those responsibilities. Until we are able to agree any changes to the devolution settlement, I think it needs to be respected and entrenched. The way the devolution settlement is being changed, at the moment, is by the aggressive unilateral action of the UK Government in rolling back the frontiers of devolution, and they do that almost every day.

Q55 **Dr Wallis:** Perhaps “commitment” was the wrong word. If I could ask a follow-up question, to try to get to the answer I was hoping for. Plaid Cymru has asserted that it will be calling for an independence referendum should it win the next Welsh elections. The electoral polling indicates that it may be in a position to support a coalition Government. Would you be prepared to hold such a referendum if it were a condition of their support for a Welsh Labour Administration?

**Mark Drakeford:** There are an awful lot of “ifs” in that question. I intend to lead the Labour party into the election to secure a majority for my party, so I am not doing coalition negotiations in front of a Committee. The point I would make is this: if a party stands on a manifesto and that manifesto says there should be a referendum on independence, and if that party wins a majority in the Senedd, then it is entitled to implement that manifesto. If the election isn’t won by parties who have that in their manifesto, I do not think a referendum will be justified. It would not have any democratic route for it.

Q56 **Dr Wallis:** In the past you have suggested that you personally, and perhaps the Welsh Government as well, are open to the idea of looking at it. I think the phrase you used was that you are happy to support the Union, but not at any cost. Clearly, there are circumstances within which you are prepared to look at independence. Perhaps I could rephrase the question: were there to be an independence referendum in the near term and the choice was between the current devolution settlement and independence, how would you be campaigning?

**Mark Drakeford:** Given that we are talking about the current United Kingdom, if a choice for Wales in the current United Kingdom was a powerful devolution settlement or independence, I am in favour of a powerful devolution settlement within the United Kingdom.

Q57 **Dr Wallis:** Do you consider the current settlement as such?

**Mark Drakeford:** I consider the current settlement preferable to independence. If that is the question I am being asked, yes, I do.

Q58 **Dr Wallis:** You have talked a lot about the UK Government and made some comments about the Prime Minister. There are residents who have contacted me to highlight the journey that devolution has been on since 1999. They talk about the second referendum in 2011, the Holtham review, the funding floor and tax-raising powers. They talk about all



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these changes that have happened, undoubtedly after negotiations between the Welsh and UK Governments. The current Welsh Parliament, under its current name, is still relatively young.

What do you say to residents and constituents in Bridgend who point out that there has already been significant movement towards improving not just the stature but the profile and the power of the Welsh Parliament and the Welsh Government? Simply calling for more of this, and I think my colleague, Ben Lake, used the words, "a new UK constitution." Looking to bring this in so soon, is it necessary? It just appears to be change for change's sake.

**Mark Drakeford:** I think the continued existence of the United Kingdom is more at risk today than at any point in my political lifetime, and simply defending the status quo hastens the day when the United Kingdom will no longer be able to stay together. Those of us who are serious about making the case for the United Kingdom have to be prepared to lead change because, if we don't lead change, others will grasp the banner of change and will lead part of the United Kingdom away from the arrangements we have today.

I said in my very first answer to the Chair that, if we think we can sustain the United Kingdom simply by arguing for the status quo, I am afraid what we will do is cede the ground to others who will make more powerful or more attractive arguments and that will lead to the breakup of the United Kingdom. If we are serious about staying in the United Kingdom, we have to make a case for how that can be done, and the status quo will not be it.

Q59 **Dr Wallis:** On the earlier question I asked about the journey that devolution is on, I suppose it appears to some constituents as though promises are made in relation to how things will improve if we do this, first in 1999 and then in 2011. Subsequent to that there have been additional changes, the direction of travel always seemingly coming from Westminster to Cardiff Bay, yet there is still something not working. Before the changes are brought in or referendums are held, the Welsh public are told, "This is what we need to make this work." By your own admission, it still is not right. What do you say to those who are frightened that this is never-ending and that devolution is just a journey that will continue and escalate constantly and will inevitably lead to independence at some point anyhow?

**Mark Drakeford:** I certainly would take issue with the final point. Devolution is not an inevitable journey to independence. What devolution could be, and should be, is a way of governing the United Kingdom that allows people to take charge of their own affairs in the different parts of the United Kingdom, but which is predicated on a set of intergovernmental arrangements that allow the component parts of the United Kingdom to come together voluntarily for common purposes. That is achievable, but it needs hard work, and it needs hard work on the part of those people who believe in the Union.



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The other point I would probably make to anybody is that the United Kingdom has been constantly changing. There has never been a moment where everything stood still. Northern Ireland has been part of the United Kingdom for barely 100 years. Change is inevitable and is always with us, but it can be hard because change is difficult for people. It is just that there has never been a point when things were not evolving.

**Dr Wallis:** Thank you very much, First Minister. That is my final question. I would like to end by saying thank you once again. Should there ever be an independence referendum, I look forward to campaigning alongside you for our Union.

Q60 **Chair:** Our session is drawing to a close in the next few minutes. First Minister, can I finish by asking a couple of quick questions? You have mentioned several times during the course of the afternoon the effectiveness of the approach that Michael Gove seems to be taking and the meetings that he has been running. He seems to have inherited the mantle of David Lidington in that respect, who under Theresa May also acted with her authority as a key link person with the devolved Administrations. In your view, where does that leave the territorial offices, the Scotland Office, Wales Office and Northern Ireland Office? Do you think these offices are being made redundant, or is there a new role or a different role that you think they should be playing?

**Mark Drakeford:** I am offering a personal view here, rather than the view of my party. I have believed for a decade or more that there would be a case for consolidating the territorial offices into a single office with Ministers to represent the different nations, but the case for separate territorial offices has been overtaken by the development of devolution. It is a machinery of government question considerably above my own level of responsibility, but that has been my view since the Blair Government onwards.

Q61 **Chair:** Thank you very much for that frank answer. Can I come back to an answer you gave to one of my colleagues a bit earlier, where you were talking about notions of sovereignty? I think the phrase you used was that, in your view, sovereignty is dispersed through the United Kingdom and that the proper way of looking at it is that the constituent parts of the United Kingdom take a voluntary decision to pool their sovereignty. I struggle to reconcile that with the notion of parliamentary sovereignty, which is of course one of the foundational building blocks of the UK constitution. To be absolutely clear, do you believe that the notion of parliamentary supremacy and parliamentary sovereignty, as traditionally understood within the UK constitution, is finished? Is that a redundant notion?

**Mark Drakeford:** Yes, you are right, that is the conclusion to draw. The idea that sovereignty is held in only one place and is handed out to other places, but always on a piece of string so that it can be pulled back to the centre at any moment when the centre requires. I think that is over. I think 20 years into devolution, sovereignty has established itself in the





different component parts of the United Kingdom and has to be regarded as dispersed. That does not mean it has disappeared from the UK Parliament, of course it continues to be there too, but it is not exclusively there.

**Q62 Chair:** That notion that you describe is far more akin to the kind of relationship that the member states of the European Union have, which is all about pooling sovereignty in a consensual and voluntaristic way, rather than the notions of sovereignty that have traditionally been understood within the unified state of the UK. I wonder whether you appreciate the radical nature of what you are saying here, because several times this afternoon you have emphasised your pro-Union credentials—and you have been extremely frank and honest about that—but listening to some of these other remarks, there is a radicalism there, which I wonder whether you are fully grasping.

**Mark Drakeford:** No, I am speaking intentionally when I say these things. The European Union will be an example potentially, but there is also Canada, Australia or indeed the United States. You see examples of what I have talked about there, too. Sovereignty is dispersed among its component parts and pooled again for those central purposes. That simply describes the facts on the ground in the United Kingdom in the third decade of the 21st century. That is how things are. Better to recognise it, better to put it purposefully to work for the sorts of purposes that I would see us wanting to share, rather than attempting to deny that it has happened and to assert just by assertion the supremacy of the centre.

**Q63 Chair:** On the US example, I am not sure I would agree, given the horrific civil war that was fought there over central sovereignty, but thank you very much.

**Mark Drakeford:** I am not forgetting that.

**Q64 Chair:** Very quickly, just to use up the last couple of minutes, your predecessor in 2014, Carwyn Jones, went to Scotland and played a role in the Scottish referendum campaign, where he urged Scottish Labour supporters to back the Union. In a future Scottish referendum campaign, is that something you would see yourself doing?

**Mark Drakeford:** I had not thought of that, I have to say. If there were to be a referendum in Scotland, I would very much hope that people in Scotland would vote to stay in the United Kingdom. That would mean we have to have a compelling prospect of what the United Kingdom could be like to persuade them to do so, and a choice between the status quo and what else might be on offer will not be enough.

**Chair:** First Minister, on behalf of all of us on the Committee, can I say a huge thank you—diolch yn fawr iawn—for your time with us? As you rightly pointed out, you are not answerable to this Committee in any way. Your appearance in front of us this afternoon is purely a courtesy to this Committee, which we appreciate very much. Thank you on behalf of us



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all, and we wish you all the very best. We understand you are self-isolating, so hopefully that does not hinder your ability to lead your Government at this time, but thank you very much again.

**Mark Drakeford:** Diolch yn fawr iawn.