

Welsh Affairs Committee

Oral evidence: [The Welsh economy and Covid-19](#),
HC 324

Thursday 11 June 2020

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

Questions 81 – 131

Witnesses

[I](#): Lynn Pamment, Chair, Welsh Sports Association; Luned Whelan, Executive Manager, TAC; and Caroline Norbury, CEO, Federation of Creative Industries.

[II](#): Tim Williams, Chief Executive, Welsh Automotive Forum; Avril Lewis MBE, Managing Director, Electronic and Software Technologies Network; and Claudia Currie, Associate Transport Planner, Chartered Institution of Highways and Transportation.

Examination of witnesses

Witnesses: Lynn Pamment, Luned Whelan and Caroline Norbury.

Q81 Chair: Welcome to this session of the Welsh Affairs Committee, continuing our inquiry into the impact of Covid-19 on Wales, and particularly looking at its impact on the Welsh economy. We are very pleased that we have two distinguished panels of witnesses for the evidence session this morning, so we will begin very shortly.

Can I just remind everybody that we are very time constrained today? If you could keep questions concise and, our panel, if you could keep your answers as concise as possible, that would really help us get through all of the material that we want to cover and hopefully allow for a diverse range of questions. We do not have the chat box working, so if members of the Committee want to alert me, can you use the WhatsApp group or raise your hand and we will try to bring in everybody as efficiently as we can.

For the first panel, I am delighted that we are joined by Lynn Pamment, who is chair of the Welsh Sports Association, Luned Whelan from TAC—Teledwyr Annibynnol Cymru—and Caroline Norbury from the Creative Industries Federation, three very important sectors to Wales, not just for the Welsh economy but for Welsh culture and identity. What we are going to do for the first question is ask each of you to summarise briefly what you are seeing in your particular sector at this time, the impact that coronavirus has had and is having, and your thoughts on the future.

Lynn Pamment: The impact in terms of the sports sector has been significant. Clearly, some sports will not be able to take place until social distancing measures have been significantly relaxed. Of particular concern to the sector at the moment is around the viability of the sector, the viability of particular parts of the sector and, in particular, the viability of the sporting facilities that are used by the sector.

To give you a couple of examples, the aquatic sector is estimating losses in the region of £6 million at the moment. Around 60% of community football clubs are reporting that the whole situation could affect their financial viability in the future. Sports, clearly with the summer season, are potentially going to be losing out on competition revenues and other revenues. Those sports that are reliant on facilities are significantly affected in having the ongoing costs of those facilities.

On the positive side, activity has been able to continue in a limited fashion, and it is great to see physical activity being recognised. However, the existing inequalities in participation in sport are widening, and are potentially widening further. When we look at some research that Sport Wales has done around the impact, it is clear that there is a demographic impact here. Those in the higher income brackets are still able to access physical activity, but the effect is getting worse for those in the lower demographic groups.



One of our biggest concerns—and I have mentioned facilities a couple of times—is the ongoing viability of facilities and access to them in the future. There is a real risk of what we are describing as a facilities desert in parts of Wales, with some facilities having been converted to field hospitals, which is entirely appropriate, but it means that access to undertake sports could be affected for a longer period of time, so viability of facilities is top of our agenda.

I will say a few words, although I know you want us to keep it brief. We have been working closely with Sport Wales and the Welsh Government in terms of a return to sport. We have four groups that we have established: an outdoor activities group, an indoor activities group, an elite and professional group and also a group specifically looking at sports facilities. We are working on plans in all of those areas. I guess if there is one message, the impact remains significant and it is not about the recovery of certain parts of the sports sector. It is about the viability of those sports in the future.

Q82 Chair: Before I ask Luned to offer her introductory remarks, can I follow up quickly? Lynn, you talked right at the start of your comments about the difficulties of social distancing. Are there any specific sports that you think will never restart until all of the social distancing concerns are gone, until effectively we are back to where we were before the very start of the pandemic? What are the particular sports that your members are telling you just cannot be done whether it is 2 metres, 1.5 metres or 1 metre of social distancing?

Lynn Pamment: Clearly, team sports involving contact are quite difficult and indoor sports that involve teams and contact are equally more difficult. That is why we set the groups up that we have. In fairness to all of the sports, they are actively looking at how they can adjust their sports to make them more viable while social distancing measures are in place. There is also a difference between being able to undertake training activities versus undertaking competitive activities as well, so all sports have been quite flexible in how they are looking at how they might at least introduce training measures without necessarily going back to full competitive sport.

It is also worth saying that, as leisure centres and the like adjust their facilities for social distancing measures, they might prioritise, for example, people accessing gyms by using their sports hall to put gym equipment at social distance measures. That might be an entirely appropriate thing to do, but it could have a knock-on impact on sports like netball and badminton that are played inside in those sports halls. That is why I come back to this facilities desert. There is a real risk that facilities will not be available for quite some time. For certain sports, and indoor sports and indoor contact sports in particular, that could be a challenge, too.

It is also worth finally saying that there are certain sports like Welsh curling, for example, where its only facility is in Deeside and that has



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been converted into a field hospital at the moment, so it will be quite some time before that particular sport comes back. For those sports that will not be able to be played for quite some time, there is a need to look at what measures might be needed to encourage those sports to start up again when they can.

Q83 Chair: Luned Whelan from TAC, representing Welsh broadcasters, would you describe the current impact of Covid-19 on your sector and what you are seeing at this time?

Luned Whelan: Bore da, Chair. Yes, TAC represents the independent television production sector in Wales. In the initial stages of the pandemic, productions were cancelled or postponed and a wide range of genre was affected. This included live sports and/or the summer events in Wales, the main events that, of course, form part of the summer. This had serious repercussions for the freelance base who work on these productions, as well as the companies who produce them.

Having said that, the independent production sector has continued to produce programmes throughout the entire Covid period across several genres and within the current restrictions, which they have adapted very quickly to incorporate into their working practices. Their response has been creative, flexible and innovative. They have adapted incredibly quickly.

There was a rapid commissioning round held by S4C in April, which was a great help in terms of continuity of service to the broadcaster and to the sector, during that time when programmes could be safely produced and the content was adapted to reflect current circumstances and also to look beyond that. A further round was announced in June, which will help towards autumn broadcast, but the longer-term implications of that are still unclear.

The sector has faced challenges within social distancing measures, which it has adapted to. Drama projects, which are like a very close contact sport, were halted, although the production companies affected are now looking at ways to resume filming safely once the preparatory safety measures are included.

A potential problem on the horizon will be production companies paying salaries. They have been helped immensely by the job retention scheme, but there are implications when some contracts come to a natural end and, possibly, an inability to continue paying staff and freelancers once the furlough ends.

The introduction of part-time furlough has been a great help, especially in this sector, because development and limited production can be done by teams. If they can work part time, that is a great help.

Q84 Chair: Has *Pobol y Cwm* started filming again?

Luned Whelan: It is looking at implementing the safety measures on set at the moment. There was a report on *Newyddion* last week where they



were given a tour of the set and given possible scenarios in which they could resume. Of course, S4C's other long-running drama, *Rownd a Rownd*, is also looking at the possibility of resuming at some point when it is safe.

- Q85 **Chair:** You talk about the producers adapting very quickly and successfully to these measures, and you are talking about getting safety measures on set. Can I ask you briefly, is that a question of actually building Covid-19 into the storylines of something like *Pobol y Cwm* to ensure that it is realistic? In the real world, how can you actually create interesting, intimate drama and compelling television while people have to be at least 2 metres apart?

Luned Whelan: For the companies that are involved—obviously the BBC produces *Pobol y Cwm* and Rondo Media produces *Rownd a Rownd*—the change in the structure of the production is going to be top to toe. You are talking about everything from looking at scripts to ensuring that the storylines are realistic. Editorially, it will have to decide how the current situation is reflected, and a lot of this will depend on when it goes back. If restrictions have been relaxed and more movement is possible, there may not need to be a specific reference.

Obviously, we will still be living during these times and, therefore, they will have to reflect reality, but the whole drama is basically loving and fighting and that is very difficult to do with a 2-metre distance. Obviously they will have to be looking at practical implications, such as hair, makeup, sets and costume design. All these things are affected, and they will all feed into revisions that companies will have to make in order to resume filming.

- Q86 **Chair:** Finally, very quickly, the 2-metre rule has a statutory force in Wales that it does not have anywhere else in the UK. Does that create an additional headache for your members in terms of potential legal risk? How has that been accounted for on set?

Luned Whelan: As you say, it is a statutory requirement, but there are exemptions that it might be possible to apply to drama because it is such a close-up medium. We will be speaking to the Welsh Government about that. Not only for the cast but also for the crew and other production staff who are involved, it is obviously safety first. Safety is paramount for all production staff, freelancers, cast and crew. Applying any relaxation to the restrictions is going to be costly, because it needs to be applied across the board, and at the moment that cost is borne by the producers.

- Q87 **Chair:** Caroline Norbury from the Creative Industries Federation, would you give us your introductory remarks on the of impact Covid-19 on your members in Wales?

Caroline Norbury: The creative industries in the UK as a whole have been growing at a rate of five times the national economy, and they are worth £111 billion in GVA, employing 2 million people. In Wales the



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turnover is worth £2.2 billion, and the sector employs 56,000 people and has grown by a significant amount in the last 10 years.

Not only do they generate an awful lot of money for the economy but they play a very important role in bringing communities together, improving our mental health and making lockdown just that little more bearable. It is a very diverse ecosystem of large and small businesses, freelancers and self-employed, and they rely heavily on one another for work. A minimum of about 30% of those workers are freelancers. There are also relationships and partnerships between the subsidised sector and the commercial sector. Although this has been a strength in the past, it is very challenging at the moment.

In the surveys that we undertook at the beginning of the pandemic, over half of the freelancers that we surveyed had lost 100% of their income, and 40% of the businesses only had reserves to the end of June. Now, some parts of the industry are able to get back to work, whereas others are going to take an awful lot longer, particularly venues, performance spaces and so on. This is going to take some time, and they need help getting back to normal.

Others are only just now beginning to feel the impact. For example, in post-production and visual effects, they are only feeling the effect now because no new work has been shot over the last three months. What that means is they will miss some of the measures that have been available that could have supported them because they are being wound down.

The Government has done a great deal but because our sector is made up of a huge number of freelancers and self-employed, and despite all good efforts from the Treasury, many of them do not qualify for support, either through the job retention scheme or through the self-employed support scheme. Some 40% of respondents to our survey in April—it was a self-selecting survey but, nonetheless, it was 40% of them—said that Government measures had not worked for them at all.

The emergency grant support has been really important but other measures, such as loans, have been less useful, largely because businesses do not want to saddle themselves with any more debt, and many of them go elsewhere for finance because there is generally a very low level of understanding about creative industry business models within the banking industry.

In addition, particularly in Wales, the sector does not have a lot of fat in the system so, therefore, the nature and timing of any sort of restarting or getting back to a place of financial stability needs to be nuanced, and many will simply not be able to open their doors again and pick up where they left off.

In Wales the cultural sector, in particular, is made up of small charities, CICs—community interest companies—social enterprises and freelancers.



They all have very limited reserves. The irony is that some of the more commercially astute and able organisations have been most affected, so the Wales Millennium Centre, for example, sustains 1,200 jobs and its economic impact in the Cardiff Bay is around £70 million. It has been particularly hard up for the reasons that have already been articulated by colleagues.

The creative industries policy is a devolved matter, and Creative Wales, the creative industry arm of the Welsh Government, has made available an additional £80 million to support the sector. The Arts Council of Wales has pulled forward £7.5 million from existing budgets to create a new resilience fund for the arts. Our sector can definitely be a solution to many of the things that we need to address, particularly the mass unemployment that looks like it is coming down the pipeline.

To summarise, what I think is required now is financial support to those companies and organisations who need it most and who can help drive revenues back into the country. There is no reason why the sector cannot be at the heart of driving back growth. We also need a phased approach to getting back to work, with help and support for the most vulnerable. We need more attention on how we support freelancers and the self-employed, and we need investment in re-skilling, training, apprenticeships and particular help for young people who all of our surveys and all of our research has shown have been most severely impacted by the pandemic.

My plea would be that one needs to engage the sector in the development and delivery of these programmes and this work, because what we have found in the past is that generic models simply will not work, so we need to find the right type of solution developed by the right people and delivered by providers who know something about the creative industries. That is a very quick summary of the current situation.

Chair: Caroline, thank you very much. That was very helpful. We are going over to Rob Roberts, and just a reminder to Committee members and the panel to keep your questions and answers nice and concise.

Q88 Rob Roberts: As Caroline is on a roll and is in the process of her thoughts, we will start with her.

You mentioned that many of your businesses do not qualify for support and do not want to get into debt, and you gave a few points on their generally needing support with various items. What specifically do you think, instead of the things that have been available, would have been a better solution and would have meant that more people in your industries would have qualified?

Caroline Norbury: If we are looking at companies, many of those companies require small amounts of capital and they require it quickly and simply, so some of the emergency grant measures that have been available have been very useful. One of the challenges again, though, is, because they are distributed through local authorities, they are not



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necessarily that well plugged into those sorts of networks. We need to work harder on the visibility of those sorts of support measures.

The bounce back loans have been widely welcomed because they are simple and quick but, again, one of the challenges is that lots of creative businesses have become rather disheartened. They might have personal banking relationships, but they are less likely to have substantial business relationships. They go elsewhere. They are looking for equity. They are looking for investment where they can pay back on a revenue share basis and so on. Again, this is a UK-wide challenge, but we need to bring in different types of providers of support.

In terms of the self-employed, what we found is that because you have to have continuous employment over a certain period of time, many new entrants have not been able to qualify under the SEISS, nor have people who have been on maternity leave. Also, there are some classes of freelancers who are on PAYE, but the job retention scheme does not work for them because they are freelancers and the SEISS does not work for them either because they have been paying PAYE. We have so far been unable, I am afraid, to be successful in making the case for their support to the Treasury.

Q89 Rob Roberts: Wonderful. Thank you very much. That is very helpful.

Luned, generally how satisfied are your members, and the companies you work with, with the level of Government support and guidance? Have there been any particular issues experienced by those companies in accessing that financial support?

Luned Whelan: The sector as a whole has been very appreciative of the financial support packages offered by the UK Government and the Welsh Government, and they have applied for several of the schemes including from the UK Government, the job retention scheme, the VAT deferral scheme, and also the coronavirus business interruption loan scheme. As far as Welsh Government schemes are concerned, they have applied for small business grants, business rates exemptions, the economic resilience fund and, of course, Creative Wales's funds, the emergency TV development fund and the emergency digital development fund.

My evidence from them is that they have found most of the schemes fairly easy to administer. Some of them have been more onerous, but that is to be expected when you are dealing with employment issues. In general terms, they have found the information reasonably clear and accessible.

Q90 Rob Roberts: Excellent. That is good news. That is good to hear.

Finally, to go to Lynn with a similar question, in terms of the satisfaction of your members with the level of Government support. Do you feel that the package of measures that has been provided so far is sufficient for the sports sector to deal with the specific challenges that you have?



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Lynn Pamment: It is a similar theme to your other two witnesses. Generally, support for the sector so far has been good. I feel that the Welsh Government have listened and, where there have been issues—I will give a couple of examples—they have responded quickly.

One of the things that affect sport is that sport, in itself, and sports clubs do not have charitable status. Some of the things that have been put in place require organisations to have charitable status, and sports are not always able to access it easily. Similarly, in the early days we had issues when the business rates reliefs were put in place, as they did not cover sports clubs initially, but we worked with the Welsh Government and they fixed that very quickly.

We and the national governing bodies have welcomed the repurposing of Sport Wales's grants. Clearly, there have been various funds put in place. The economic resilience fund did not really go to sports in its first round, but you can understand why in terms of priorities, and we are really welcoming of Sport Wales putting together a sports resilience fund by repurposing a number of their budget streams. We are happy with the support that has been put in place so far, although all of the funds are limited, particularly when you look forward to what may be required to help facilities reopen when that may not be economically viable if social distancing measures continue to be in place, and that may go on for some time.

Lots of the sports sector have accessed the furlough schemes and the schemes that support self-employed people, and some of the larger and perhaps wealthier sports have put in place their own support measures for grassroots sports. Rugby and tennis being examples there.

There are issues, particularly when you look at things like the furlough scheme. That has been well accessed by sports in Wales, but if those schemes come to an end, there is still a challenge around facilities reopening because it will become even more challenging for them to do so on a viable basis, so we are quite nervous in terms of the support measures and how those come to an end, particularly if the rules in Wales are different from the rest of the UK about what you can and cannot do, and that furlough scheme has been a UK scheme.

One final point, picking up on what I said earlier, sport not being a charitable sector does mean that the grants that have been given to sports' organisations are taxable, so more sports organisations now fall in the tax brackets and may now need to start paying tax. That is a challenge to sport as well.

Rob Roberts: Thank you very much, all three of you.

Q91 **Tonia Antoniazzi:** I have a question for each of our guests, and the first one is to Caroline.

Caroline, I am concerned that the UK Government have not understood the nature of the creative industries. You talked earlier about the



devolved Government and the Arts Council of Wales providing more bespoke financial support. Are you seeing this in the other devolved nations, and what do your members think about it? Do they appreciate that they are in a better position, or do you think they need more?

Caroline Norbury: The programmes that Creative Wales and the Welsh Government have brought in have definitely been simpler and quicker, and they have been able to reach the right people in the right way. We see similar in Scotland—I am afraid I know less about Northern Ireland—where they have been able to have a much more sector-specific approach.

On the UK Government as a whole, I think the creative industries have made great progress in terms of a greater understanding about the value of the sector, the size of it, the economic impact it has, the way it can drive not just future growth but, really importantly at the moment, all the things it is doing to help us with our mental health, bring people together and all of that other stuff that we do not know how to count but is incredibly important.

The challenge is that there remains within the UK Government a reluctance to have very sector-specific approaches. This is exemplified particularly within the creative industries because all that knowledge and expertise is located in DCMS, but an awful lot of our industrial strategy is set in a different Department. Although they work very closely together, the business models of creative businesses are small, they are atomised, they are difficult to reach and many parts of Government machinery work very well with big companies with lots of people who go to one place. Increasingly, I don't think that is the industrial model for our country, so we need to be on the front foot about designing more flexible, nuanced approaches for businesses that are project based, that come together to do stuff, put the lights up and move on. Also, for what is going to be an increasingly diverse business structure—I mean that in all sorts of ways—to reach that global market we will need different sorts of business structures. They are small, they are agile and it is very difficult to make generic programmes work for them.

Q92 **Tonia Antoniazzi:** I know my colleague Tracy Brabin has been doing a lot of work on this, and it is very interesting, but how do we get the UK Government to look at good practice that is going on in Wales, for example? Do you see yourself having a role there?

Caroline Norbury: We bring together and work very closely with partners in the devolved nations. There is an awful lot more dialogue on looking at good practice.

One of the strengths in Wales is creativity in education and the way in which creativity is taught within the curriculum. There is some great learning from there that could be applied in other parts of the nation. It is not that there is not more to be done. There is, but there is quite good dialogue and, not just looking at our country but looking at what is



happening in France, Belgium and Germany, there is an awful lot in terms of how they have responded to supporting the sector. There are good practice models that we are sharing with colleagues in both the Welsh Government and the UK Government.

Q93 Tonia Antoniazzi: That is brilliant, Caroline. Thank you for that.

Turning to Luned, I know you are independent television, but I am very concerned about independent radio in Wales. For example, because of Covid, Swansea Sound is being taken over majorly by a UK-wide company that has taken away the localness of the radio station. Are you seeing that happen in the television industry, and what can we do as politicians to support local radio and get the message across? We have particularly seen it during Covid. It has been so important for keeping our most vulnerable, and the people who need it most, informed of what is going on in their local area and what support there is for them?

Luned Whelan: Yes, absolutely. TAC members mainly do television production, but they are also involved in radio, and in online and digital content as well. On a local level this is very important. Of course, the independent sector in Wales is crucial to the economy, as well as to the society and the communities in which they are significant employers, so you have that spread throughout the community in normal times—if I can put it that way—where a lot of people are involved.

The independent television production sector has been very rapid to respond to all this, but it is now limited in how far out it can go to those communities. It is having a direct effect and, of course, for the freelancers they employ in all those different areas where they are based throughout Wales, companies of all sizes, and for the communities, the short-term effect is a concern, but they are working very hard to try to extend that contact and resume employment as soon as practicable.

Q94 Tonia Antoniazzi: For us, Swansea Sound has been an absolute lifeline for our communities, and I think that it is the same for local radio and television all across Wales.

Lynn, I have two questions for you on sport and your membership. As an ex women's rugby international—I had to get that in somewhere, didn't I?—I am very concerned about the future of women's sport in Wales. What work have you done around that, particularly post-Covid? What resources and work has been done around keeping that going? Obviously we are seeing a prioritisation—no offence to the males here—of rugby and football and men getting back to sport, what about the women?

Lynn Pamment: As I said before, one of the good things that has come out generally in terms of the crisis is the renewed appreciation of the importance of physical activity, and yet, as I alluded to earlier, the work that has been done by Sport Wales with one of the universities shows that the inequalities in accessing sport are getting larger out of this. That is in terms of poorer demographics, for example. What we have done, and what I have been really pleased with, is how the various sports have



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come together in the groups that I mentioned earlier: the outdoor, the indoor, the facilities and the elite sports groups.

We haven't really broken ranks. We have respected the fact that actually it is helpful for the Government for sport to stand together as a sector but, also, to really tackle that sort of equality and diversity within the approaches we are suggesting to Government to bring sport back. What we have tried to make sure, and what we have made sure, is that each of the groups has representation on it from Disability Sport Wales and from StreetGames, so that we can produce plans to return to sport that ensures equality in terms of access.

There will be a need in future, though—and I said this in my opening remarks—to make sure that we continue to promote that equality of access. There may be particular groups, women being an example but also other demographic groups, where we will need extra support to continue to encourage that equality in return to sport.

Q95 Tonia Antoniazzi: You talked about access and the future availability of facilities, particularly because some of the places have been used as field hospitals. I am particularly thinking about the Vale, which is now being dismantled, so it will be back to its purpose. Do you have a picture all over Wales of what facilities have been used and the timescale of how long they are going to stay as field hospitals or be repurposed for something else? Is that something you have an overall data picture of?

Lynn Pamment: We think that 17 facilities have been converted into field hospitals. They are all in different parts of Wales and, out of Committee, I can give you some written details, if that is helpful to you. The status of those is different in different places. Some of them are being dismantled and will not be used again. Some of them are being mothballed in case there is a second wave and they need to continue to be used for the second wave.

We have those that have been converted to field hospitals, so they are definitely off the cards in terms of reopening at the current time. I would also emphasise that you have a lot of leisure facilities that, even when restrictions start to be lifted, it does not mean it is automatically viable for them to reopen at all or to reopen in the same way they have previously. That needs attention as well, in terms of helping and supporting those facilities to reopen so that people can access them again.

Chair: I am going to ask Geraint Davies to come in now, but I just reiterate my plea to Committee members and the panel to be as concise as we can because we are running up against time.

Q96 Geraint Davies: I will ask a few quick questions, Chair. Can I start with Caroline? I was just wondering whether you agree, in terms of what you said, that one of the problems in England versus Wales is that England is much bigger with these huge silo Departments—whether it is BEIS, DCMS



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and so on—and, because Wales is a smaller unit of governance, there is an inability to work across Departments in a flexible way to meet the extra demands of your industry. In particular, the furlough scheme is fine but when you are looking at the new economics of new, more flexible small businesses and self-employed, it does not always quite fit the right shape. Is that correct?

Caroline Norbury: I am a great believer in small is beautiful, yes. We generally need—this is not just within Government but within life—more joining up. We need more joining up if you look at what skills we need, we need fusion skills. For too long we have had a public narrative about science and arts, public and private, commercial and subsidised. What you find in the creative industries is a mix of all those things and, therefore, we need strategy and policy that responds to that.

Q97 **Geraint Davies:** I do not know whether you are providing any written evidence, but do you have a couple of top lines on the way we should do things differently now, as we move out of Covid?

Caroline Norbury: I don't know if we have submitted much to your Committee, but we have submitted two or three papers to the DCMS Committee and the Treasury Committee, which I can make available.

We are just starting a national conversation called the Creative Coalition, looking at how we reimagine our economy and how we reimagine our society. We are bringing together everybody, local authorities, metro Mayors, devolved Administrations, businesses and so on to start that. We hope to have some top lines sometime in the early summer, which again I can share with you.

Q98 **Geraint Davies:** If we can have it the sooner the better, because we are doing a report before the summer and we would be interested in your views.

Can I turn to Luned, please? Following on from Tonia, again there is a campaign in Swansea to save Swansea Sound. It has been very important. Many small radio companies are the lifeblood of communities around the country, and they need to be supported. Obviously we have things like local news. The *Evening Post* has been very strong in Swansea. It is very important. I have not spoken with them about this but, clearly, local newspapers are under a lot of pressure because people cannot get out, and also, as you have mentioned, independent television. Do you feel there should be a package of support to keep localised media on its feet in a more focused way for the future?

Luned Whelan: There is an interesting conversation to be had. As Caroline was saying, the combination of different elements, public/private and so on, certainly comes into play as far as radio and newspapers are concerned. Of course, television news has been essential during this whole period as has radio, both nationwide in Wales and also regionally, so I think it is very important that those local services keep going.



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One thing to differentiate between public and private, it has become so obvious how important the public service broadcast sector is during this time. People are turning to it for information. Vulnerable people are turning to it for comfort and company, and of course families have been able to get educational content from it as well. Therefore, it is very important that the public service broadcast sector continues to be properly and sustainably funded, especially during these times when media businesses are facing crises and challenges that we do not know how are going to turn out in the near future or in the longer term.

Q99 Geraint Davies: Do you think it is important that, as far as possible, the Government make attempts to avoid small, innovative businesses being gobbled up by bigger businesses as we move forward? In other fields we may see huge companies coming along buying land in Wales or whatever. Obviously that is a different issue, but do you think the role of Government is partly to protect the small, innovative sector so that they are there to blossom again for the future?

Luned Whelan: Yes, absolutely. Also, the other interesting possibility in that field is combining forces rather than being taken over, if there were to be a combined effort across a certain area, for example. We have examples of production companies working together on projects where they both have strengths and so they can combine to provide more quality content across their region and, of course, across Wales.

Q100 Geraint Davies: Finally, can I ask Lynn, on the sports side? I was very pleased you mentioned all the issues around equalities as we move forward. Again, if you have ideas to put forward, the Committee would welcome them. Given that there is big and small, strong and weak, and rich and poor sports organisations, do you think there should be an onus on the strong to help the weak so that we support our community facilities, one way or another? I know it is easier said than done, but I don't know whether you have any thoughts on that.

Lynn Pamment: One of the things that has been really helpful for the groups we have established is that we have the larger sports working side by side with the smaller sports. The level of interaction between the different sports has never been greater. We have been having fortnightly gatherings of all of the national governing bodies across the sports so that they can share experience.

Sports over recent years have been encouraged to diversify their income streams. Those sports that have been most successful in diversifying their income streams are now, in some respects, the most challenged because that diversity of income streams is the first to go. Those that have the sponsorship revenues that may not come in the future, and that have other income streams that are associated with their venues, will continue to be challenged. There is still a need to look at funding models for sport going forward, but we have been happy with the dialogue we have been having on that with the Welsh Government and Sport Wales.



Geraint Davies: Finally, we have heard from the—

Chair: Sorry, Geraint. We are running out of time here. You did say it was your final question, so forgive me but, in terms of good housekeeping, I need to keep things moving. Sorry about that.

Q101 **Virginia Crosbie:** Good morning, excellent panel. Thank you for joining us. Lynn, I enjoyed reading about your rowing. It is one my favourite sports.

Here on Ynys Môn, Anglesey, we have some great outdoor adventure sports companies. We have Psyched Paddleboarding and Anglesey Outdoors. The messages we have been getting from representations to the Committee is that there has been mixed messages between both Governments in terms of divergence, so how do you feel this is going to play out in the sector going forward?

Lynn Pamment: We have been working with both Governments. We respect the fact that it is the Governments' decisions in terms of how they relax the measures and what they choose to put in place, so we have been looking to work actively with the different approaches adopted by the different Governments.

It is possibly worth saying that it is about clarity of rules, though, in terms of lockdown. There has been a lack of clarity in terms of what people can and cannot do under the various rules, and that would be helpful. Going forward, we should also recognise equality across the nations when it comes to returning to competition, particularly competition between the nations. We are desperate to get the elite athletes back into training, and we are hopeful that we will get there in terms of the plans going forward.

As restrictions are lifted, there is a need for consideration to be given. If the rules are different in different nations, when the UK Government are looking at their support packages are they considering the impact and how that might play out differently in different nations?

Q102 **Virginia Crosbie:** Caroline, last week the ONS data said that 85% of companies in Wales had applied for Government-backed schemes. This is a higher figure than in Northern Ireland, Scotland and England. Why do you believe that more companies in Wales managed to get access to Government-backed schemes?

Caroline Norbury: I am not sure I have an answer for you, I am afraid, to be perfectly truthful and short. Because Creative Wales was able to create very specific programmes for music venues, television companies and so on, that helped in the targeting, but I am afraid I do not have anything clever to add to that.

Q103 **Virginia Crosbie:** That is fine. Luned, we have a fantastic community radio station here in MônFM. You spoke earlier about getting long-term support for the TV and radio sector. How do you envisage this playing out? How could we put this in place?



Luned Whelan: The situation we have at present is that, of course, a number of production companies are continuing to work and have been able to adapt very quickly, as I said earlier. In the longer term there are problems that arise, and there are two main concerns, which obviously are the cost and the practicality of implementing the safety guidelines, which of course everyone is doing. The broadcasters and industry bodies published guidelines in May, which TAC and S4C have recommended, so those will have to be put into place.

Because the companies have continued to work, there may come a point when they have gone back into production on a wider scale that, if there is a second peak, it would be very damaging to the sector, so companies who have not yet accessed any schemes need to know that something will be available for them and are not seen to be penalised because they have continued to work through this initial period of the crisis and into the recovery.

The other major issue at the moment, which is a problem, is insurance cover for productions. Covid-19 is not a coverable risk at the moment, and I know discussions are ongoing with DCMS to ask the Government to consider underwriting production insurance, and we would strongly hope this Committee would carry that recommendation through to the Government because, even though industry giants worldwide will be able to insure their own productions, that is not going to be the case for most UK broadcasters, especially PSBs, and especially in line with the recent announcement of budget cuts by the BBC, ITV and Channel 4.

Q104 **Virginia Crosbie:** Lynn, last question: what learnings for your sector have seen in other countries? How have they responded to the pandemic?

Lynn Pamment: We have regular dialogue with the other devolved nations. The way we are tackling it in Wales, we are doing pretty good in how we have brought the sector together, and we should not underestimate that. Going forward, I would emphasise that, to me, sport is a frontline public health service. We should think about it in that lens when we are looking at supporting it to reopen and be accessible to all again.

Q105 **Ben Lake:** I know we are up against time, so I have just one question for all three panellists. You have all mentioned some of the difficulties and some of your concerns looking ahead for the next couple of months. Could you summarise what would be the nightmare scenario for your respective industries? I know it is not nice talking about the worst-case scenario, but I think it would be useful for us to know some of the big issues that you are really concerned about.

Lynn Pamment: I have mentioned a few times—it has been a theme of what I have said—that for people to access the frontline public health service that sport truly is, they need access to facilities and equipment. We know that those in the poorer demographics find it more difficult to



access facilities and do not necessarily have their own equipment. Therefore, my nightmare scenario is that facilities remain closed for a prolonged period of time, so that we lose all of the ground that we have gained by people recognising the importance of physical activity. That would have a significant impact.

I guess my final piece is the nightmare scenario that we do not get our elite athletes back to training quickly enough and that we, as a sporting nation with a proud sporting history, do not remain as competitive.

Luned Whelan: I think the nightmare scenario is partly operational at the moment, with the stoppage of freelance work and the production companies who rely on them. It is a very symbiotic relationship, and they are finding it very difficult. The freelancers who fall between the cracks, we do not know when they are going to get back to work. Of course, the other thing is the increase in costs across safety implementations and insurance, which is going to be very difficult.

As drama looks to recommence filming, which is of course on a bigger scale, the nightmare scenario would be that drama and other productions, sports, live events, all that kind of thing get back to something approaching what they were and then a second peak hits and they are affected at all levels from the financial to the creative, the supply chain and broadcasters. We will see that in Wales especially, but other broadcasters have also been so important.

Caroline Norbury: I completely agree with both colleagues. I think they have both made very important points, but the additional point I would make is around the impact on our young people. We know from all our research that they have been disproportionately affected. Many of them probably would have looked for roles and would have started off as freelancers. They would have been working casually and so on. So many of those opportunities have gone now, and I can really see how parents would be advising their children not to do this. Yet we know this is one of our great growth industries, as well as one of our national pillars, and it is important for us if we are going to be able to compete globally.

Thinking about the impact on our future workforce and what we can do to maintain their confidence and interest, provide for them and provide an awful lot more security than we have very recently is not a nightmare scenario—a nightmare scenario is nobody wants to come and work in the industries anymore—but it will have profound consequences in terms of intergenerational relationships as well as for the economy.

Q106 Robin Millar: For reasons of time, I will keep this short. I will ask one question to one panellist, and thank you all for the perspectives you have brought. I think this is a really helpful session to give us an important perspective on what is happening in Wales and how we recover.

Lynn, what vision does Welsh sport have for recovery from this pandemic? I am thinking not just of sport in itself but about the



community. If I give one quick example: I came across a project some years ago in north Wales, just in Colwyn Bay. Every village, every town we know has a football club, a cricket club, a rugby club, and they were using the club and the questions it was facing about advertising, promotion, running its business and so on as a way of giving experience to young people, real experience with real responsibilities, and it was having a transformative effect on those young people.

As we come out of this, I am very concerned for young people and them having a sense of hope and opportunities to skill up for a difficult future. Does sport have that kind of a national vision across Wales for how it can contribute to that?

Lynn Pamment: As I have said a few times, one of the important things that have come out of this crisis is the way that sports are collaborating with one another more than I have ever seen happen in the past. We need to build on that collaboration going forward. The sporting sector attracts a huge amount of volunteer time, and there is a real risk that we lose that enthusiasm. Often when we look at our volunteer base they are in the older demographic, and I think there is a real opportunity to put sport back in the heart of the communities but on a collaborative basis.

Prior to the pandemic, we were seeing sports compete with one another in attracting young people, but the collaboration that we have going at the moment across sports, we can really build on that in the future. Some of the ideas you have mentioned are valuable in that.

Q107 **Beth Winter:** Diolch yn fawr, and thank you for the information you have shared with us this morning.

I share many of your concerns on the post-Covid economy and the risks that presents. With the OECD report coming out yesterday about the slump being worse in Britain than ever before, and we have already had 10 years of austerity, I think there are genuine concerns. Flipping Ben's question over: what in terms of the economy do you feel could be done—this is to each panellist—to counteract the risks that you have identified?

Lynn Pamment: We have the various resilience funds that we are establishing. Sport Wales has established a sports resilience fund. I think we need to spend and invest that money wisely to make all sports even more resilient for the future. I mentioned the collaboration point, so investing in areas where you get more bang for your buck in terms of sports collaborating together so that, going forward, they become even more resilient.

There is a particular pinch point around facilities. I sound like a cracked record it, I know, but we need to think much more collaboratively and innovatively about how we support facilities. We have the leisure trust model in a number of local authorities, but that is particularly challenged through this pandemic and how we come out of that. Looking again at some of the leisure trust models and how we support those differently,



but also how we support facilities and locations is going to be really important, and we need to invest in that.

Caroline Norbury: Three thoughts. There has been some talk about reimagining something like the future jobs fund or the enterprise allowance scheme and so on. Something that is going to incentivise new businesses to get started and help people with their workforce development, so apprenticeships have to be up there. The apprenticeship schemes vary in the different nations. I will not get into that, but the one thing that we need to do is work more flexibly with parts of the economy like the creative industries that are predominated by small businesses. Many of those small businesses can't afford to take on apprentices on their own but could afford to do it as a group of companies, for example. My watchword is flexibility.

The other point I would like to make is about the withdrawal of support measures. That can't be a cliff edge. A cinema is a very different thing from a theatre. They operate with different capacities and so on. That is incredibly important.

Finally, we have not really touched on this at all today, but the most talked about topic in our roundtable with about 80 Welsh businesses a month or so ago was high-speed broadband, which varies in its quality and supply in different parts of Wales. The challenges of that have been thrown into sharp relief during this pandemic, so that would be my third point.

Luned Whelan: The production sector is essential to the economic recovery in Wales as well as to the wider sector where services are supplied. The sooner all these things that support production—for example, transport and hospitality—are safely brought back to use, the better the production sector will be able to work.

Finally, for building in resilience, it is very important to look at a structure that could support freelancers in the future and also safeguard new entrants into the industry and make sure that diversity and inclusion are an essential part of building and strengthening the sector in Wales as we move through this period.

Q108 **Chair:** Before we wrap up, Lynn, can I ask you very quickly: how can tennis be played safely under social distancing requirements in England but not in Wales?

Lynn Pamment: The chief executive of Tennis Wales has asked the same question. Tennis is actively participating in our outdoor group, and we are taking proposals to Welsh Government about outdoor activities. It is back to each Government having to make their own decisions regarding the lockdown restrictions. We are keen not just to do it for one sport but to do it for sport across the board in a consistent and equal way.



Chair: Thank you very much, but golf has been singled out for preferential treatment. Thank you to all the panel. It has been really interesting and very useful. My apologies to Committee members who I could not fit in right at the end, in particular Jamie. We will wrap up this first panel. Thank you all, and we look forward to welcoming our second panel in a few moments. Thank you, Lynn. Thank you, Luned. Thank you, Caroline.

Examination of witnesses

Witnesses: Tim Williams, Avril Lewis and Claudia Currie.

Q109 **Chair:** Moving swiftly and seamlessly on to the second panel, we are delighted to have another very experienced, expert panel: Tim Williams from the Welsh Automotive Forum, Avril Lewis from the Electronic and Software Technologies Network, and Claudia Currie from the Chartered Institution of Highways and Transportation. Hopefully you saw that first panel. We are going to follow a very similar format. We will start off by each of you giving a few brief remarks on what you are seeing in your sectors at this time, how Covid-19 is having an impact and your thoughts on moving forward and looking to the future.

Tim Williams: Good morning, everybody. As you can imagine, and you have seen it all in the press, the automotive industry has been severely impacted through Covid, not only in this country but pretty much globally. The situation at the minute is that the industry is starting slowly to get back to work. In Wales we have something close to 13,500 people directly employed in the automotive sector, and we represent about 165 member companies. We have been in very close contact with all our members during this period to find out how they are coping, et cetera.

The industry in Wales relies on the industry in the UK. A lot of our components are supplied to the plants of Jaguar Land Rover, Nissan, Toyota, Honda, et cetera. The industry pretty much went into lockdown itself, with a lot of our members reporting about 70% of employees going on to the furlough scheme, which has been a massive help for the industry here, and the smaller companies, in the main, applying for the economic resilience fund in Wales as well as, where they can, rent and rate relief. They are getting back to work safely. We have been working with the industry on safe return to work protocol, et cetera. We are about 30% of where we should be, and that is probably slightly exaggerated for some companies.

At the moment, while the industry starts to get back, it is all about how we create stimulus going forward to generate the demand for vehicles that we really need. In April this year, the UK car industry produced 197 vehicles—that was it—against what would normally be about 100,000 vehicles. You can see the scale of the downturn. Where we are headed is companies, because of the furlough scheme, extending summer holiday



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periods because they want to use up the holiday entitlement that was attributed to the furlough scheme. They are looking at extending the summer shutdown period to enable them to recover the extended holiday entitlement.

In England the car showrooms are coming back to be able to sell vehicles, but we are not seeing that yet in Wales. We hope we will in a couple of weeks, but of course that means people who want to purchase cars in Wales can't at the moment. I know some are probably looking to go and buy cars in England, and friends of mine have done exactly that. We have to get the demand stimulus coming back again.

A lot of our companies are looking at restructure. We know this year is going to be very tough, and probably next year, too. We know demand is low. We are hearing there is going to be a lot of redundancies across many industries and sectors, and that is bound to have an impact on the stimulus for people to want to buy vehicles, and maybe we can talk about that a bit later.

There are supply chain issues. We know there are bankruptcies taking place at the moment, which is having an impact through the whole supply chain, some in Wales, some outside of Wales and internationally, because our procurement teams buy internationally. That is having quite an impact on the whole industry with the supply chain. We probably want to talk about track and trace and the impact that will be having as we go forward, and how staggered starts in schools might impact employees going back into work.

I will leave it there. The industry, just to recap, is facing some very serious challenges, and not only in downturn as we are currently. Of course we are looking to 2035. This is the transition to non-fossil fuelled mobility, so the industry is managing that. We are looking at electrification, and hydrogen is also on the agenda. I think we must take into account how we stimulate the economy so that we have an industry going forward.

Q110 Chair: On the point you mentioned about the bigger macro shifts going on within automotive, you will have seen that, in France, President Macron did an enormous bailout for the French car industry with a kind of pact that France becomes the European leader in producing clean engines. When you talk about the need for stimulus, is it that kind of really big measure that you are looking for from UK Government and Welsh Government to get us back, or is it about more incremental growth back to where we were?

Tim Williams: I think that is exactly it, Chair. We have to have these incentives. The French Government and the German Government are putting in huge amounts of money. I think for the French Government it is €130 billion, and it is probably similar for Germany. This is to incentivise people to change their cars. We could call it a scrappage scheme, but I don't really want to call it a scrappage scheme. It is about



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how we stimulate people to buy vehicles, and we have to be technology neutral in this. We can't all go out and buy electric vehicles. There is not that volume there to satisfy the whole marketplace, so we have to consider technology-neutral activity with the current petrol, diesel, hybrid. I think the incentives have to be able to stimulate. We could look at VAT as perhaps another mechanism to help people to purchase cars. We have personal purchasing schemes, of course, but I think we need additionality like we are seeing in France, which is very much protecting its own industry in the country.

Q111 **Chair:** Avril Lewis is up next from the Electronic and Software Technologies Network. Avril, if you could just unmute your microphone.

Avril Lewis: That is technology for you, sorry. Good morning, Chair. I represent the technology industry in Wales. If I may just put that in perspective, it is an industry of over 4,000 businesses employing 40,000 people and contributing £8.5 billion to the Welsh economy.

It is important to say that technology has been completely ubiquitous and has, in fact, managed to keep many of us working through this pandemic. The technology industry in Wales has attracted significant investment within its new start community, and we have major strengths that are part of the Welsh Government's international strategy for cyber, compound semiconductors and creative, which we heard from earlier. The technology industry has been crucial in keeping us working, keeping us in touch with our loved ones and also being able to educate our children throughout these very difficult times. The industry as a whole has proved extremely resilient because it is so dynamic and adaptive and has been able to pivot extremely quickly. For example, the moves to remote working have not proved a challenge for many of our businesses. Our ability to be able to deliver services online has been fundamental, and we heard earlier about broadband. Thank goodness we have the infrastructure in place that we have. That doesn't mean to say that it can't be improved, but we have been able to keep working and to keep in touch with our loved ones as well.

The technology industry has been impacted by the virus but to varying degrees. We have extremes. The industry in Wales is represented from the very dynamic new start, through to the clever indigenous organisation, right the way through to the global multinationals. Where we have seen the biggest impact on the industry has been in its end sector. Those that are particularly involved in tourism, hospitality and supporting those sorts of industries have seen the biggest impact. Initially we saw a drop-off quite quickly, but we have seen that come back. With the very nature of technology and the way that the world is working at the moment, we are seeing increased risk and threat within cyber. Our cyber-resilience is absolutely key and critical for all our businesses.

With regard to the support that our industry has seen, on the whole it has been very well received. However, we have not seen a vast majority



of our businesses actually accessing the support that has been available. I think that is because many have continued working right the way through. We have seen many of our organisations not only continuing in their own businesses but turning their hands to support many of those areas that have sprung up, such as putting in the infrastructure within the field hospitals, offering their services in cybersecurity to public sector organisations and working in collaboration to look at sharing knowledge and exchanging information in the community. It is interesting to point out that those businesses that have been able to adopt and engage in the enabling and digital technologies as quickly as possible have enabled their businesses to continue, and in some cases flourish. For example, for many organisations on the high street, whether restaurants or specific home services, having an online presence has enabled them to keep working.

With regard to the impact, as I said, many organisations have continued working remotely very effectively and have continued in delivering their services. The biggest area that has been affected, particularly with support, as we heard earlier, is in the very small, micro businesses, the very new starts, those innovative organisations that do not have big cash balances and those that are always on the runway. We are hoping that the economic resilience fund in this second wave will be able to support those types of businesses.

Moving forward, the impact of Covid always proves challenging but also poses many opportunities. Technology will be one of those opportunities that will be able to help accelerate the economy out of Covid-19 by very close collaboration between private sector, public sector and academia. We should be able to look at how technology can help many organisations cross that bridge of fear, cross that divide, whereas previously they may have been taking small baby steps in automation and the digital transformation. One thing that Covid has proved is that there really is not that option anymore. We are going to have to take that leap of faith and transform our businesses and adopt enabling and emerging technologies as quickly as we possibly can if we are to be able to drive and accelerate growth post Covid-19.

Claudia Currie: Good morning. Our membership at CIHT is about 1,400 strong, and we are a very broad church of members, covering both the public and private sectors. Within our membership we plan, design and execute changes to our public realm, particularly to do with access to highways, footpaths, cycleways, public transport and even the rail sector.

We are seeing quite a lot of mixed messages—both positive and negative—coming from our membership as a result of the Covid-19 lockdown. For instance, we have consultants who were using the technology that is available to work remotely from home very quickly and very easily, but we have also found that the local authorities in Wales, in particular, were not geared up, certainly initially, to the same levels. A lot



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of our projects initially stalled, but it is beginning to improve now and things are starting to move forward.

One of the really good, positive consequences of Covid-19 is that it is much safer for some of our members doing essential maintenance out on the highways because traffic flows are lower, but equally there is a huge challenge with how you can do that safely, given the legal requirements for the 2-metre distancing. We are also seeing a huge increase in walking and cycling among our members, which within Wales is supporting the Active Travel Act. What we are also finding, certainly anecdotally, is that there is now a big clash between the non-motorised users who are trying to use those active travel routes because the numbers have increased very significantly.

What I am aware we can do with CIHT is use some of the good practice that we have gathered together in various documents such as “Better Planning, Better Transport, Better Places”, which already emphasises the need to integrate planning and transport in our future public realm and it is going to be a huge change with the way we travel in the future. We have quite recently signed up to the Welsh Government initiative, the placemaking charter, which is largely geared up to make sure that we use the legislation and planning documentation and guidance that is already in existence to make a better public realm for the future, and also looking at the regeneration of our public realm and our transport links. This will help us establish a new norm, one of the embedded goals within the Future Generations Act, which is unique to us in Wales. I noticed yesterday that Ken Skates has confirmed that he is actively looking for local authorities to come up with innovative solutions to ensure that social distancing can be achieved in our future public realm. That is certainly something that our broad membership will be able to actively support.

What I have picked up, having spoken to a number of colleagues in the institution, is that the general consensus is we have a very clear window of opportunity, probably going up to 18 to 24 months, to establish a new way of travelling. We need to use the tools that we already have to achieve that. I think a lot of the guidance and documentation that our members already use can be used to support the local authorities. The other area where we can help is that, with our 1,400 members, we have such a broad church that covers the public sector, the private sector and the contracting industry, and we are able to provide the support wherever it is needed.

Q112 Dr Jamie Wallis: I have the same question for all three panellists. As we start to look at recovery now, how should both Governments ease the constraints on businesses in your sector? Do you think that Wales should develop a specific plan for your industry?

Tim Williams: Thanks, Jamie, for an interesting question. I am sure there are areas where the Government in Wales can assist our industry. One area where I think it would certainly help—this is not just for Wales,



this is probably the whole of the UK—is looking at the procurement of vehicles. We tend to buy lots of internationally sourced vehicles for public offices. We can include the police, ambulance, et cetera. It is in the gift of Government to look at purchasing vehicles that are produced in the UK, which would help. I am not sure about other measures that are not currently available. There is a huge amount of support out there for businesses. I don't think there is any one in particular that I can currently say would have a huge effect. We are such an international business that we are in the destiny of the people buying, internationally as well, because a lot of the vehicles made in the UK are exported—80% are exported, 50% to Europe. In that sense, our industry relies on a whole demand stimulus approach.

It is interesting, as Claudia mentioned, that we are looking at changing models of mobility, there is no doubt about that, and I think something we should be looking at is what is the changing face of transport mobility. Currently, while we are almost told not to use public transport and to use individual vehicles, will that carry on? Is that sustainable? What are the measures that we should be putting in place? Transport for all is something that may be slightly different to what it is today. We are looking at electrification, pods, personal vehicles. Obviously cycling, electric cycling and so on will become more and more as home working becomes more and more. As Avril was outlining, a lot of us are now working in a different way than we were before.

Jamie, I hope that answers your question as best I can.

Avril Lewis: This is proof that technology affects every aspect of our lives, from the way we work, the way we live and the way we play. Many of us are working from home. I think particularly within our industry, many are already considering whether there a need to return to offices. One big thing on the agenda is how we will work in the future? What is the new norm?

With regard to how Government can help, I think understanding the impact and the opportunity that enabling and emerging technologies can bring to many other sectors should be recognised very quickly. There needs to be increased stimulus within innovation and also in how one can create motorways to accelerate the commercialisation of R&D and the application of many of these technologies. How can we create the assistance levers that, where we have these opportunities within technology to support and to transform, many of the organisations and sectors that could benefit from transformation can have access to that very clever technology? Any way that we can help bridge that gap, that we can better join and see the convergence of technologies across sectors, can have significant impact.

Claudia Currie: Similar to the other two panellists' responses, a lot of that would also support CIHT. Something that we are aware of, and I alluded to in my initial comments, is that there is likely to be a bit of a



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stalling process with the local authorities being able to deal with new planning, new approvals and effectively fast tracking that through. Although I am sure it will need to be fast tracked through, and it will be, one of the key things is that we have to take a little care and make sure there are no corners cut such that all the good practice that we already have and can use is used in the appropriate way.

Q113 Dr Jamie Wallis: I understand. Thank you very much. Thank you to the great panel here this morning. I have a final follow-up for Avril, and then I am done. You mentioned some very exciting aspects to come out of this pandemic. You talked about supporting emerging technology, the role of R&D. Could you elaborate a little bit? Could you be a little bit more specific about what you would like to see from the Welsh Government or the UK Government in Wales to help make those things a reality?

Avril Lewis: We suffer in Wales in the amount of R&D funding that our companies apply for. If we can look at how that can be more easily accessible for many organisations in Wales. For those sectors that may not already be on that transformation journey, how can Government help support those organisations that desperately need to be able to adopt and transform? How can we create the avenues where they can access those—we have supply here and we have demand here. What can we do to increase the provision to ensure that those that need it can access it quickly? I can give you some examples of people saying to me, “I don’t need cyber. I have nothing to steal.” Well, okay, just put your line on hold for two days and see what you think about that. It is understanding the very positive impact that technology can have but also the risk and the threat. It is what support can we give to those businesses that need to transform their business, knowing that that information, that supply is readily available in Wales. How can we ensure that those clever, dynamic, innovative organisations are able to access as quickly as possible the financial support they need to be able to grow and develop?

Dr Jamie Wallis: Thank you very much, and thank you, Tim and Claudia.

Q114 Tonia Antoniazzi: So many companies have had to diversify, Avril, and you have spoken very clearly about adopting technologies to drive and accelerate growth. Absolutely, it is exactly what I have seen in my constituency and across Wales. We had a session with the FSB, and they were talking about building confidence with small businesses. What role does your organisation have in working with people like the FSB to get that message out and to support small businesses that have a fear of cybersecurity?

Avril Lewis: Absolutely and, interestingly enough, we work very closely with the FSB. We have been looking at doing different events with them. For example, we have worked in partnership with Barclays doing a series called Factory of the Future. This was specifically for the smaller manufacturing businesses, giving first-hand experience and information right the way from artificial intelligence and how that can help their



businesses through to big data, automation and robotics. We concluded with cyber, OT and IOT—operational technologies and the internet of things—and how all these different technologies can help manufacturing businesses improve their performance and productivity. Whereas they may have been reluctant and said, “No, this is not for me, small baby steps,” the one thing about Covid, the move to remote working, the ability to continue with their supply chains and their customers, has most definitely pushed up that need for transformation.

Q115 Simon Baynes: Good morning, everybody. Sorry I was late, but I had a question in the Chamber to Michael Gove, so I had to go and do that. I have enjoyed the part of the session that I have heard so far, and thank you for coming to speak to us. It is incredibly useful.

My first question is about the role the banking sector has in supporting businesses during and after the pandemic and how you feel they have performed. Are you feeling that you are not getting enough support from them? I would be very interested in your views on that subject, please.

Tim Williams: We have a mix, because we have a lot of internationally owned businesses here in Wales that, to a large extent, rely on their parent companies for a lot of financial support. In the main, they tend not to go to the local bank for funding support but rely on the parent for that financial support.

When it comes to smaller companies, owner-managed businesses, SMEs and so on, it is a different story because they have to rely on their banking resource for liquidity. Many applied for CBILS, some with greater success than others for a number of reasons. The banking fraternity should have been a bit more lenient perhaps, with quite a few people saying that they did not get the answer they were expecting. But we have not had too many companies saying that they have had issues with their banks. We talked to all of the banks at various times and, of course, they are saying, “We will offer facilities as and when appropriate.”

I think the issue is making sure the companies in the supply chain continue, and this is where the big issue is currently. We have had one international company here in Wales reporting that last month they had 13 of their supply chain companies go into bankruptcy. That is not all in the UK, I hasten to add, but it shows how vulnerable the supply chain is becoming as this pandemic continues globally. From my experience, there are not too many concerns from the membership about their banking facility, but I think this will be a test case as we go forward during the year to see how liquid companies are, how financially strong they are and what support the banking fraternity is going to give to those companies to make sure they survive. Otherwise we are going to be in quite serious trouble because the supply chain, certainly at the smaller company end, is going to get severely impacted and their survival is going to determine survival for the whole of the supply chain. It is a very serious issue.



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Avril Lewis: For those of our organisations that accessed bank support, on the whole it was generally well received, so we have had positive feedback from that. I will reiterate the point I made earlier, though, about many of our organisations being in the new-start community and it has proved very difficult for those organisations. The support that is required for them is a different model completely. We have the Development Bank here in Wales and I know it has been working very hard, as part of the Welsh Government, with the economic resilience fund, so support has been available there, but I am concerned about the new starts and those very small, micro, one-person businesses.

Q116 **Simon Baynes:** Are you saying that, from your experience and what you hear, they are not getting the support they need from the banks?

Avril Lewis: They don't fit the criteria. That proves to be the difficulty.

Q117 **Simon Baynes:** Yes, fair enough. Claudia?

Claudia Currie: Like Tim, for CIHT the biggest impact we are noticing is from the supply chain. For the institution itself there is not a great deal of impact from the banking sector.

Q118 **Simon Baynes:** My experience of the banks—like my parliamentary colleagues, we have all had a lot to do with this—is I have built a relationship with virtually every bank in Wales on behalf of my constituents and have been able to unblock all sorts of problems. The impression I get is that they are willing to help but they are not always as well organised as they should be internally.

My second question is to look at how both Governments can support your sector after the end of the crisis, whenever that actually happens. What kind of targeted or specific support do you need post pandemic, and what timescales and processes do you envision for your sector's recovery, if that is not too difficult a question to ask?

Tim Williams: I think we are looking at one to two years for recovery, and two years is probably a realistic timescale given where we were. Of course, our industry has been severely hit over the last five, six, seven years. VW, the impact of diesel and the reduction in people buying diesel cars has had a big impact on the industry here, and transition, as we mentioned. Of course we have the trade agreements being worked out at the moment that will have an impact as well. Honda announcing closure has had a big impact on the industry here in Wales. We have been going through some pretty tough times.

On the areas where we need joint support, we have to attract more people into the country and hopefully into Wales, so there is probably grant support that could be put in place to attract further inward investment. We know for the transition to electric mobility that we have to have gigafactories, gigaplants here. I am sure both Governments are working hard to attract gigaplants because this is what the vehicle manufacturers will need to make future-generation vehicles. Those are



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some of the areas where we can look to both Governments as a stimulus going forward.

Q119 **Simon Baynes:** On that point about the gigafactories, Tim, and excuse my ignorance, where are we on that with plans for Wales, or is that a bit far off at the moment?

Tim Williams: No. Obviously there are confidentialities here, but I think in general speak we are working with the Government in the UK and the Department for International Trade. There are enquiries out there and we have a number of vehicle plants that will have to move into the electrification stage. The Nissan LEAF, Mini Oxford Electric, other vehicle manufacturers are moving towards this electric generation. They have to have gigaplants, so there are enquiries for gigafactories. There are sites earmarked in Wales, and I will probably leave it at that, if I may.

Q120 **Simon Baynes:** Yes, fine. Thank you very much. Claudia?

Claudia Currie: What CIHT is aware of is that there is probably a small window to use an opportunity to effect the changes that we need to the way we are going to travel. There is no doubt at all that is going to change, but what we are aware of is that there is quite a different consensus as to how it is going to change. It is trying to make sure that we use all the good guidance that we have available to our members to effect the change that is needed.

Q121 **Simon Baynes:** What do you think is most likely with the change that you referred to?

Claudia Currie: At the moment what we are seeing is, ideally, we will be moving towards getting better public transport and the mass transport issues. It is almost like that has completely come to a stop and people are now trying to rethink how we can do things. A lot of the technology that we mentioned earlier, like autonomous vehicles, are going to be a real change in how we look at things, and the change is going to happen much faster than people are expecting. I think the lockdown has effectively created a massive change in public perception of what should be the norm in the future. In many ways this is an opportunity that we can grab and move things forward much faster.

Q122 **Simon Baynes:** In what form do you think people see the norm in the future? There is a dichotomy here between public transport and social distancing and private transport and not social distancing, or is that really not relevant to what you are saying?

Claudia Currie: There is a perception that a lot of people will be more reluctant to get out of their cars and use public transport, or walking and cycling, but with the technology that Avril was mentioning there is much more opportunity to home work. I think there is going to be such a huge change in the way the industry goes forward. It is almost, in some ways, that we just need to grab this opportunity and see it very much as an



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opportunity to change the way we do things in the future for the benefit of the public and, in some ways, the environment as well.

Q123 **Simon Baynes:** Avril, I am just going back to the question about what the Governments can do and when you think recovery might come.

Chair: Very briefly, please.

Avril Lewis: Very quickly, the issue we had pre-Covid is very much about the skills. We have heard about the younger generation being victims of the pandemic. The technology industry is a worldwide industry. It has a severe shortage of skills. If I would say anything, it is please can we ensure that we put the right levers in place, that we bring in the next generation, because technology, as we said, is ubiquitous. Everybody will need those technology skills, whatever industry you are in.

Chair: Thank you very much. Apologies, we are just running up against time.

Q124 **Beth Winter:** I will limit my questions to two, being conscious of time. First, I want to elaborate on something that Simon raised about the just transition to a green economy. Climate change presents an existential threat to our society, and any transition out of this pandemic should involve a just transition to a more sustainable green economy. One of the proposals is the conditionality in any bailouts for companies. I would appreciate your comments on the idea of conditionality.

Tim Williams: That is a good question. We have the economic action plan here in Wales, and part of that is around the green agenda. Our industry is on a transition path to 2035, which is the target date for no more sales of petrol and diesel vehicles. That precludes hybrid as well, which we think is something that needs to be addressed because hybrid should be part of that technology post 2035, as an industry opinion, and we can use alternative fuel in engines. The internal combustion engine could be fuelled by biofuel, et cetera. I think that is part of the transition going forward.

On industry at large, I think everybody is conscious about what is going on in the factories and how we reduce carbon emissions. We have targets around that, but if you go into a lot of automotive plants, you will see solar panelling, wind turbines, water being repurified, those sorts of areas, which is all part of the Government economic action plan for how we transition into a greener society at large.

Claudia Currie: For CIHT, the biggest thing we can do there is help support our members on the placemaking charter that is looking at changing the way we implement PPW 10 in Wales, to make sure that we change the public realm so that effectively we have a better and more sustainable way of travelling between our place of work and our homes. That is principally where most of our support can be given.



Avril Lewis: I am starting to coin the phrase “Live local, work global.” The impact of technology on the way that we work, this whole move to remote working, has made us borderless. The requirement to travel—one now has to consider very seriously whether we need to jump on a plane to go to X, Y and Z. It is completely reconditioning people’s thought processes. The important thing for us here in Wales is that we are able to ensure that we get Wales marketed properly and effectively on the global map. People can work in high-value, high-skilled jobs in very interesting opportunities across the globe but, likewise, they still have the sense of community, which we have very strongly in Wales. They have clean air, good education, good housing and a good environment in which to work.

Q125 **Beth Winter:** My other quick question relates to the mixed messaging that is coming out from the different nations in Britain. The easing of the lockdown is happening at a different rate in England compared with Wales. There is concern, and I share this concern, about the divergence in the approach and the impact that that has on companies and industries. Can you give a very brief summary of any concerns you may have about the impact of this divergent approach on your industries, please?

Claudia Currie: It is an interesting one because there are very mixed messages. What I am hearing among the membership I have been speaking to is that they are more supportive of the messages coming out of Wales because they are clearer, more restrictive in many ways but they feel it is easier for us to deal with and give us the time to think about what we want to plan for the future.

Beth Winter: I share that sentiment.

Avril Lewis: I think it is difficult where we have organisations that are cross-border. It is another challenge that many business owners and management see on top of the everyday challenges they have of just sustaining and getting through this pandemic. It is not helpful.

Tim Williams: I agree with Claudia and Avril. The only thing I would add, and I mentioned it earlier, is the differential in car showrooms not being able to operate here in Wales while they can in England. That has an impact on the companies here in Wales. Most of the people are furloughed currently, but that will be one area of disparity. But we understand health before wealth, so hopefully the showrooms will be allowed to open after a couple of weeks.

Q126 **Chair:** Can I pick up on the point about home working? Avril, you described in very compelling and attractive terms Wales’s potential to create more jobs where people are working from home in attractive locations, but we also have a huge number of jobs in Wales that are still reliant on people going out to work in a physical location where they build things and put things together. The automotive sector, Tim, is very important for Wales. So long as we have the 2-metre rule in place in a very strict and legal way in Wales, do we ever get back to 100% of the



activity we saw prior to Covid or does it effectively put a ceiling on any economic recovery in your sector?

Tim Williams: I don't think so. I think most of our companies have put in place pretty strict Perspex sheeting and PPE equipment. They all have induction meetings when the staff return to work. I think we are capable of going back to where we were. Companies here have done really well, and I pay credit to the unions in Wales that have helped the companies in establishing safe return to work. I do not see any reason why we cannot go to the levels where we were, working in a 2-metre environment. The feedback from companies at the moment is that the staff and employees have adapted well to the working protocols and don't see too many issues.

The other issues, as I mentioned earlier, are probably more about track and trace, where we could see potential for tracers saying, "You have been in contact with X number of people, therefore they will all have to be shielded." That could be a lot of people. One company said 14 people had to go home. There is an issue about the tracers being educated in what has been going on in industry with safe-working protocols. Generally, yes, we can go back to the level.

Chair: That is encouraging to hear. Thank you, Tim.

Q127 **Geraint Davies:** Obviously Wales has been more cautious. We have the 5-mile rule and the 2-metre rule so people know what they are doing and we want to move, I guess, to a green economy that puts public health at the centre. I am wondering what, in a few words, the main investment focus should be in your different sectors. It strikes me that we want, first, digital connectivity across Wales, secondly, an infrastructure for green transport and, thirdly, procurement that stimulates a new generation of green transport, given the risk of a faulty Brexit. Can I ask Claudia first to outline where the focus should be to move to the new tomorrow today?

Claudia Currie: For CIHT in Wales it is very much continuing support, the placemaking charter and the implementation of PPW 10. It was starting to change at the beginning of this calendar year, and it was due to be signed up for a lot of the institutions involved in the highways and transportation sector in early March. That was postponed with all the Covid-19 lockdown but the seeds of change were already there. As an institution, we have to keep moving that forward. As I mentioned earlier, a lot of the guidance and design that we need is there, and the good practice is already there. It is just that now, in some ways, the lockdown has very much changed the public perception to allow us to achieve those goals much faster.

Q128 **Geraint Davies:** Is it your vision that we have an electrified transport system with less travel and more working from home so that we have a more sustainable future? Should the Welsh Government and the UK Government step up to the mark and get on with it more quickly?



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Claudia Currie: I see that certain parts of the institution would very much support that and be able to achieve that, particularly the consultant side. At the other extreme, you also have the contractors who would have to be away from home to deliver it, so within the institution there will always be a slightly mixed message.

Q129 **Geraint Davies:** Avril, do we need to accelerate the infrastructure and digital connectivity for businesses and people who spend more time locally and work globally, as you put it?

Avril Lewis: Yes. I think we need to make sure that we have a very strong infrastructure, whether that be within road, rail or in connectivity. We need to ensure that we have the broadband and 5G structure in place because that will support many. Fundamentally, what we would be looking for is the public sector, the private sector and academia working very closely together in any new stimulus packages to ensure that we can make the most of creating a new tomorrow today.

Q130 **Geraint Davies:** Tim, there is a risk, as you suggested, that Germany and France increase their domestic production of cars. We need to jump to the future and use procurement locally as well, buy electric cars for local councils, this sort of thing. It is quite likely that the 2035 deadline will be moved. The Government have already said it could be 2032, and industry is moving that way. Given it is an international business, how should we operate—given we are approaching a Brexit deal as well—with investment, procurement and focus?

Tim Williams: This is a very good question. Our industry at the moment has to survive, and that is looking at this next year. We have to stimulate that demand. The companies have to be into production, otherwise we are going to have a lot of redundancy because we have shrunk. There is a great danger that if we do not have that stimulus in the short-term period, our future is going to be severely impacted. I think it is the whole stimulus—I keep coming back to this—of getting that demand out there for people to buy cars, trucks, lorries and the whole vehicle path. It is critical that we have that in the next six months, nine months, a year otherwise our industry is going to shrink.

The vision, of course, is for a greener transport industry, and we are working towards that. Working with Avril, the whole digital connectivity innovation that is happening within the industry is fantastic and probably needs further support to encourage development, especially among the SMEs who are, in the main, very innovative and, like Avril said, working with the academics, pulling those sorts of partnership agreements together, to have this new transport system that Claudia and I have been talking about—the future of mobility. I think it is critical that we support the industry now, otherwise we are not going to have the industry going forward that we currently have.

Q131 **Geraint Davies:** Do you think we should use procurement, which is a massive tool on a UK scale and indeed a Welsh scale, to actively invest in



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buying green cars, if I can call it that, that are created here, with borrowing to invest in capital to deliver them here as we face an uncertain future in trade and elsewhere?

Tim Williams: Absolutely. I think public procurement does play a role here. Buy vehicles that are produced and made in the UK, why not? That would have an impact. It would show a real sense of procurement activity that really is the stimulus for other people to see. I think this is the area we should be talking about because, as I said, this is a very short-term lifeline. We need to have the stimulus, the demand for this six-month, nine-month, 12-month period, otherwise I fear that our industry will shrink further.

Chair: We are shortly going to hit 11.30 am, at which point the broadcasters cut our Committee anyway, so we don't have any further time for questions. A huge thank you to our panel, to Tim, Claudia and Avril. It was a really useful and interesting session, very valuable for our ongoing inquiry into the impact of Covid-19 on Wales. My thanks to my Committee colleagues as well for making this such a rich and useful session. Thank you. Have a great day, everyone.