

Agenda Supplement – Economy, Trade, and Rural Affairs Committee

Meeting Venue:

Committee room 4 – Tŷ Hywel and
video conference via Zoom

Meeting date: 3 December 2025

Meeting time: 09.30

For further information contact:

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Hybrid – Supplementary pack

Please note the documents below are in addition to those published in the main Agenda and Reports pack for this Meeting

2 General Ministerial Scrutiny: Economy

09.30 – 11.00

(Pages 1 – 13)

Rebecca Evans MS, Cabinet Secretary for Economy, Energy and Planning,
Welsh Government

Liz Lalley, Director, Economic Strategy and Green Growth, Welsh Government

Duncan Hamer, Director of Operations – Business & Regions, Welsh
Government

Áine Gawthorpe, Deputy Director, Industrial Transformation and
Foundational Economy, Welsh Government

Attached Documents:

Evidence paper – Welsh Government

3.3 Development of Tourism and Regulation of Visitor Accommodation (Wales)

Bill: Follow-up from the Legislation, Justice and Constitution Committee
meeting held on 10 November 2025

(Pages 14 – 24)



Attached Documents:

Response letter from the Cabinet Secretary for Finance and Welsh Language
to the Chair of the Legislation, Justice and Constitution Committee – 25
November 2025



Welsh Government Evidence Paper – Economy

03/12/2025

The Economy, Trade and Rural Affairs Committee has invited the Cabinet Secretary for Economy, Energy and Planning to attend a general scrutiny session on the Economy on 3 December 2025. This paper is intended to inform the discussion, providing an update on policy developments in this area, and actions the Welsh Government has taken to grow the economy of Wales.

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1. Introduction

- 1.** The Welsh Government remains firmly focused on delivering the First Minister's priorities, particularly those relating to jobs. This commitment aligns with the four national priority areas set out in our Economic Mission for this term of Government, aimed at creating a more prosperous and fairer economy that builds on Welsh strengths and opportunities.
- 2.** We are deploying the full range of devolved levers at our disposal, including skills, finance, advice, energy, and planning, to support sustainable job creation, productivity, and long-term growth.
- 3.** On 23 June, the UK Government published its Industrial Strategy. Welsh Government worked in collaboration to ensure it focussed upon priorities for Wales. Welsh Ministers continue to engage with UK Government on delivering the Industrial Strategy and wider growth mission. These discussions focus on accelerating delivery and removing barriers to place-based developments such as Port Talbot, Freeports, and Investment Zones, as well as sector plans for clean energy, digital and tech, advanced manufacturing, defence, life sciences, and creative industries.
- 4.** Recent announcements demonstrate how this collaboration is delivering for Wales:
 - a. Wylfa on Anglesey has been confirmed as the site for the UK's first Small Modular Reactor (SMR). This investment will create thousands of high-quality jobs, strengthen energy security, and position Wales as a leader in clean energy innovation.
 - b. North and South Wales have been designated as AI Growth Zones, unlocking significant investment and thousands of skilled jobs. These zones will accelerate digital transformation, attract global investment, and build a strong foundation for Wales to lead in AI and data-driven innovation.
- 5.** Together, these initiatives show how collaboration between Welsh and UK Governments is delivering on our shared ambition: creating secure jobs, driving innovation, and building a sustainable economy for generations to come.

2. The Welsh Economy

Current Economic Position

Economic Growth

6. GDP in Wales grew by 0.6% between 2022 and 2023 in real terms, which was higher than for the UK as a whole (0.3%).

Productivity

7. While UK productivity fell by 0.2% in 2023, Wales's productivity increased by 1.3%. Out of the 12 International Territorial Level 1 regions in the UK, made up of Wales, Scotland, Northern Ireland, and 9 English regions - productivity growth in Wales between 2022 and 2023 ranked 2nd. Wales's productivity growth (14.1%) has been higher than that for the UK as a whole (10.5%) since 2009.

Labour Market

8. The latest labour market data reinforce the Chancellor's speech as part of the Autumn Budget Statement on 26 November 2025, which highlighted the challenges facing the entire UK economy, many of these as a result of external factors such as the disruption in global trade as a result of higher U.S. tariffs.
9. Statisticians have advised that the Annual Population Survey (APS) gives a more reliable view of the Welsh Labour Market than the Labour Force Survey (LFS). The latest unemployment rate estimate for Wales from the APS was 4.1% for the year ending June 2025, lower than the figure of 5.7% for July to September 2025 from the LFS.
10. The long run trend for Labour Market participation in Wales, as measured by the employment rate, has been positive. According to the APS, the employment rate gap between Wales and the UK has narrowed from 3.3 percentage points in the year ending June 2005 to 2.7 percentage points in the year ending June 2025.
11. Over the last 10 years (2015-2025), median gross weekly earnings for full-time adults working in Wales grew by 47.2%, exceeding the increase for the UK as a whole (45.4%).
12. Between 2022 and 2024, Wales's percentage employment growth was the sixth highest of the 11 International Territorial Level 1 regions in Great Britain (made up of Wales, Scotland, and 9 English regions), outperforming East

Midlands, West Midlands, the South East, Yorkshire & the Humber and Scotland.

- 13.** The gender pay gap on a median hourly full-time basis (excluding overtime) in April 2024 was 1.9% in Wales and 7.0% in the UK. In Wales the gap narrowed by 3.0 percentage points and in the UK, it has narrowed by 0.5 percentage points compared to the previous year.

Inflation

- 14.** The latest data show that earnings growth continues to outstrip inflation which is helping many households throughout Wales cope with cost-of-living pressures. UK CPI inflation stood at 3.6% in October 2025, down from peaks in 2023, but still above the Bank of England's 2% target.
- 15.** House prices in Wales rose 3.1% year-on-year to September, and rental affordability has improved, with tenants spending 31.7% of income on rent, down from 34.5% a year ago¹.

Business Demography

- 16.** There were 10,105 enterprise births in Wales during 2024, representing an enterprise birth rate of 10.1%. This means that 10.1% of all active businesses in Wales were newly established during the year. The 5-year survival rate for enterprises born in 2019 and still active in 2024 was 38.1%, broadly in line with the UK average.

UKG Industrial Strategy

- 17.** On 23 June 2025, the UK Government published its Modern Industrial Strategy, a 10-year plan to boost business investment and drive growth in eight priority sectors (IS-8), which complements our Economic Mission. Each sector has a bespoke Sector Plan setting out its transformation vision by 2035. Continued engagement has been taking place, with a focus on maximising funding in Wales, where high-growth sectors such as Advanced Manufacturing, Clean Energy, Digital & Tech, Creative, Life Sciences, and Financial Services remain central.
- 18.** We have seen key strategic announcements for Wales, which will help to unlock growth potential, and which aligns with our strategic priorities, including:

¹ [Savills USA | Welsh Housing Market and Supply Update - November 2025](#)

- **Nuclear at Wylfa:** UK Government has confirmed Wylfa as a priority site for Small Modular Reactors (SMRs), positioning Wales at the forefront of nuclear innovation and energy security.
 - **AI Growth Zones:** North and South Wales have been designated as an AI Growth Zones, unlocking investment and creating thousands of high-value jobs in digital and data-driven sectors.
 - **Defence Growth Deal for Wales:** A dedicated Defence Growth Deal will support advanced defence technologies, including Unmanned Aerial Vehicles and autonomous systems, leveraging Welsh assets such as Snowdonia Aerospace Centre.
- 19.** With all eight Sector Plans now published, implementation is moving forward. This includes the development of jobs plans across each sector. For example, the Clean Energy Plan sets out opportunities for over 15,000 jobs, complementing our Net Zero Skills Action Plan.
- 20.** Addressing skills gaps is a key part of the strategy, and we are engaging with Skills England to discuss how their proposed measures will operate alongside devolved responsibilities in Wales. This is about ensuring alignment rather than seeking clarification, given that skills policy is largely devolved. We also continue to work closely with UK Government on complementary strategies, including those on steel, infrastructure, SMEs, and trade, to understand developments and identify opportunities for alignment.
- 21.** We remain focused on delivering green jobs and skills across offshore wind, onshore wind, nuclear, carbon capture, tidal stream, and hydrogen. Barriers around grid capacity and finance persist. However, Welsh Government is committed to utilising our levers and working with UK Government to unlock these constraints at pace.
- 22.** The strategy aims to make it quicker and easier for businesses to invest, reduce regulatory burdens, cut industrial electricity costs by up to 25% from 2027, and accelerate grid connections through a new Connections Accelerator Service. This includes the Grid Accelerator Scheme, which is critical for unlocking clean energy projects in Wales. We are also working with UK Government around consultations on a Business Industrial Competitiveness Scheme (BICS) and a Supercharger Scheme.
- 23.** The Local Growth Fund will invest £547m of UK Government funding in Wales over three years. For the first time since we left the EU, decisions on these

important regional economic development funds will return to the Welsh Government. The Welsh Government has launched a consultation on the use of these funds, seeking views on key objectives to raise productivity and tackle economic inequalities. The new fund will align with the Welsh Government's Economic Mission and with the UK Government's growth mission and Industrial Strategy.

24. The Interministerial Group (IMG) for Business and Industry is key to progressing the Industrial Strategy and support its delivery. The next meeting is likely to take place in January 2026 hosted by Northern Ireland.

Maximising UK Funding Streams through the Industrial Strategy

25. A key lever for delivering the UK Government's Industrial Strategy is ensuring Wales fully accesses and aligns with major UK funding streams. These include initiatives designed to accelerate investment, unlock strategic sites, and foster innovation-led growth across the eight Industrial Strategy sectors.

26. National Wealth Fund: We are working closely with the National Wealth Fund (NWF) to maximise the benefits it can bring to Wales in line with strategic priorities, particularly in clean energy, advanced manufacturing, and infrastructure. This engagement aims to secure investment for projects that accelerate net zero, strengthen supply chains, and create high-value jobs across Welsh clusters.

27. British Business Bank Engagement: The British Business Bank has committed £6.6bn to support innovation and entrepreneurship as part of the Industrial Strategy, including a new £4bn Industrial Strategy Growth Capital programme. This will deliver around £16bn of investment into smaller businesses and innovation across the eight priority sectors, crowding in approximately £12bn of private capital. Wales can leverage this to scale high-growth firms and strengthen innovation clusters.

28. Strategic Sites Accelerator: The UK Government has launched a £600m Strategic Sites Accelerator to unlock development of high-potential industrial sites by addressing barriers such as grid connectivity, planning delays, and land remediation. This is particularly relevant for Welsh clusters in clean energy and advanced manufacturing, where grid access remains a critical constraint. Discussions with the UK Government are ongoing.

29. Local Innovation Partnerships – Cardiff Capital Region: Cardiff Capital Region has secured at least £30m through the £500m Local Innovation Partnerships

Fund, backing locally led innovation in areas such as AI, life sciences, and green energy. This funding will strengthen collaboration between local authorities, businesses, and research institutions, building on Wales's existing strengths in compound semiconductors and data science.

- 30. Defence Growth Deal for Wales:** Wales is one of five regions selected for a Defence Growth Deal, backed by £250m UK Government investment under the Defence Industrial Strategy. The Welsh deal will focus on unmanned aerial vehicles (UAVs) and autonomous systems, leveraging assets such as the Snowdonia Aerospace Centre and the Welsh Centre for Defence Autonomy. This will create high-value jobs and attract private investment into defence innovation.
- 31. AI Growth Zones for Wales:** North and South Wales have been designated as national AI Growth Zones. The zones will act as a hub for AI development, supported by £5m for local business adoption and skills, and reforms to accelerate planning and grid access.
- 32.** Together, these funding streams represent a significant opportunity to accelerate delivery of the Industrial Strategy in Wales, strengthen regional clusters, and crowd in private investment. Welsh Government will work with UK Government, local authorities, and industry partners to ensure Wales maximises these opportunities and addresses barriers to growth.

Investment Summit

- 33.** Inward investment plays a critical role in the economy of Wales. The latest figures² show that more than 1,500 foreign-owned companies are active in Wales, employing over 176,000 people.
- 34.** Wales is attracting global investment like never before. In 2024-25, Wales secured 65 Foreign Direct Investment projects, a 23% increase year-on-year and the second highest growth in the UK. These projects created 2,470 new jobs and safeguarded 1,652 more, the highest of any UK region.
- 35.** Building on this success, the Welsh Government's Investment Summit will take place on 1 December 2025 to showcase Wales as a prime destination for international investment, highlighting dynamic sectors (semiconductors, creative industries, green energy, fintech, life sciences) and the Welsh Government's commitment to sustainable economic growth.

² Foreign-Owned Companies in Wales 2024, Office for National Statistics

- 36.** Wales offers a compelling investment proposition with world-class infrastructure, a skilled workforce, and a strategic location that provides access to major UK and European market, creating the conditions for businesses to succeed and grow.
- 37.** The Investment Summit will bring a real focus for business and government to work together and generate investment for the years to come. More than 300 delegates from 27 countries are confirmed to attend the Summit.

International Activity

- 38.** Through the Export Action Plan for Wales, the Welsh Government is supporting businesses across Wales to develop existing and new export markets for their products and services, to drive growth in Welsh exports. The focus is on inspiring businesses to take up exporting; building export capability; helping businesses to identify new overseas customers; and supporting businesses to get to overseas markets. Since the publication of the Export Action Plan, businesses in Wales have secured more than £370m of new export business as a direct result of Welsh Government export support.
- 39.** Since the publication of the International Strategy (April 2020), there have been 280 investments by foreign-owned companies which have created and safeguarded more than 24,000 jobs.
- 40.** Working with our Wales-based teams and the UK Government overseas network, our Welsh Government overseas offices in key markets across the world (USA, Canada, India, China, Japan, France, Germany, Belgium, Ireland, Dubai) also support Wales's global ambitions, including supporting Welsh businesses to export and promoting Wales as an excellent place to establish a business.

Steel

- 41.** There are external threats to the UK Steel Sector such as energy prices, global overcapacity, trade barriers and tariffs. The steel sector expects that the soon to be published UK Government Steel Strategy will address the need for a competitive electricity pricing structure to allow UK-based steel companies to compete on a level playing field with their European counterparts.
- 42.** On 31 October the UK Government confirmed an increase to the Network Charging Compensation, from 60% to 90%, which will come into effect from April 2026. While the uplift was welcomed by steel companies, they must wait until 2027 to receive the uplift as the compensation for 2026 is to be paid a

year in arrears. The scheme compensates the steel industry for the carbon taxes paid via electricity bills.

43.The UK steel sector is calling on the UK Government to address the UK/EU and UK/US steel trade arrangements. It is imperative the UK Government maintains favourable arrangements for the trade of steel in these negotiations.

44.The industry also wants the UK Government to publish their plans and a clear timetable for reforming the UK steel safeguards system so that improved quotas are in place before the current arrangements expire at the end of June 2026. It is vital the new UK system aligns with that of the EU to avoid a potential increase in trade diversion to the UK.

45.The Welsh Government attends the UK Government's UK Steel Council. The Council is currently prioritising the production of the UK Steel Strategy due to be published later in December. The Steel Strategy is investigating the policy issues our domestic steel sector continues to face, as well as researching the best opportunities for capital investment. The strategy will be informed by two independent commissioned reports concerning future steel demand and potential investment opportunities for the sector. We have made clear the strategy also needs to highlight the important role RD&I will play in meeting the challenges faced by the sector. Wales is well served by our well-established academic expertise on steel which positive support for RD&I funding will strengthen.

46.7 Steel (formerly Celsa) has been producing steel in Cardiff through an Electric Arc Furnace (EAF) since 2006. Once Tata Steel UK transitions to EAF steel production at the end of 2027, both Welsh-based steel producers will be using scrap-fed technology to make green steel and will require a significant amount of steel scrap. Therefore, securing a sufficient supply of domestically generated scrap metal of the required quality and quantity is of particular importance to Wales.

47.On 26 June, the UK Government announced a new Public Procurement Notice for public sector procurers to consult the UK Steel's digital catalogue and to consider if the national security exemptions in the Procurement Act 2023 are relevant to the procurement being undertaken. Procurement is a devolved matter; Welsh Government officials are currently undertaking work to align the Welsh Government Public Procurement Note on steel to UK practices where appropriate.

48. Welcomed by the steel sector in June, the UK Government's Trade Strategy stated the UK Government would seek to introduce legislation to adjust the Trade Remedies Authority's (TRA's) policy guidance and operating framework, enabling it to adopt a more assertive approach on issues like imports from countries with unfair market distortions. The Cabinet Secretary has met with counterparts in the UK Government and pressed the need for the TRA to be able to react flexibly to the needs of industry and we are awaiting detailed information on the TRA's new powers.

Domestic Activity

49. Here in Wales, we have several initiatives designed to provide support for businesses, such as:

- Business Wales - provides businesses and entrepreneurs with a single point of contact for business information, advice and support from the public, private and voluntary sectors.
- Development Bank of Wales - provides SMEs with access to finance, from loans to equity investment.

50. Since the beginning of this Senedd term, Business Wales has dealt with almost 188,000 enquiries, demonstrating the scale of need, and our commitment to meeting it. This has translated into direct support for over 33,200 businesses and entrepreneurs. Evidence shows businesses who engage with Business Wales have stronger survival rates.

51. The Development Bank of Wales continues to play an increasingly important role in our economic strategy. This Senedd term it has supported more than 18,800 jobs through over £512m of investment. This is critical in ensuring businesses have the tools they need to succeed and remain rooted in their local communities.

52. The Development Bank of Wales recently announced it has created and safeguarded over 50,000 jobs across Wales, marking a significant milestone with £1bn invested in equity, debt, and property since 2017.

53. Recognising the importance of place-based economic development, our regional economy teams (North, Mid & South West, South East) work with a range of indigenous and overseas investors to support their ambitions for growth. Business Wales works closely with our innovation and regional

economy teams and in partnership with local authorities and the wider ecosystem.

Circular Economy³

54. The Welsh Government is committed to moving to a circular economy in Wales, where waste is avoided, and resources are kept in use for as long as possible.

55. Our circular economy strategy, *Beyond Recycling*, was published in 2021 and sets out key actions to accelerate our transition to a circular economy - our target is to be a zero waste, net zero carbon nation by 2050, using a fair share of our planet's resources.

56. To date, we have transformed from a nation which recycled less than 5% of its municipal waste with over 95% going to landfill in 1999, to now reaching 66.6% recycling and landfilling only 0.9%. Recycling is now simply a part of who we are as a nation.

57. We intend to build on these strong foundations by accelerating the move towards a circular economy in Wales and going *Beyond Recycling*.

Economic opportunities

58. We are second best in the world in terms of recycling. This puts us in a great position to reap the economic benefits from moving to a circular economy as well as making our supply chains more resilient to global volatility and climate impacts.

59. The transition to a circular economy presents significant opportunities for Wales to unlock greater economic value from the materials we are world class in collecting. The Circular Economy Fund for Business provides funding for businesses to take important steps like adapting their processes to use recycled material and reduce the materials they need to use. 50 businesses have benefited from this funding so far.

60. Our supply of high-quality recycled materials is also helping to attract inward investment and create jobs in Wales. In Deeside, the redevelopment of Shotton Mill has attracted investment of over £1 band safeguarded 147 jobs. The site will become one of the UK's largest recycled packaging centres, creating a further 220 green jobs. Businesses like this know that in coming to Wales they can

³ The Circular Economy is the responsibility of the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs.

access good quality recycling thanks to the efforts of people in Wales. Other examples include a facility to extract precious metals from electronic waste (Royal Mint), and the processing of plastic for recycling (Jayplas).

Conclusion

- 61.** This paper sets out the steps we have taken to support growth and jobs and accelerate delivery of our Economic Mission during challenging economic times. Our focus remains clear: creating quality jobs, driving green growth, and delivering on the First Minister's priorities across all regions of Wales.
- 62.** Recent progress demonstrates the power of collaboration between Welsh and UK Governments in securing strategically important projects for Wales, such as Wylfa and AI Growth Zones, that will shape our economy for decades to come. These partnerships show what can be achieved when governments work together to dismantle barriers and unlock investment.
- 63.** Looking ahead, inward investment will continue to play a vital role in building a resilient, inclusive, and sustainable economy. The upcoming Investment Summit provides a major opportunity to showcase Welsh strengths in advanced manufacturing, clean energy, digital and tech, life sciences, and creative industries, ensuring we seize the opportunities of the future.
- 64.** Our ambition is unwavering: a Wales that delivers quality jobs, strong businesses, and thriving communities for generations to come.
- 65.** Welsh Government intend to remain fully focused on long-term impact across all regions of Wales whilst ensuring that we capitalise on Wales's strengths and seize the opportunities of the future in areas including advanced manufacturing, defence, clean energies, digital and tech, as well as life sciences and creative industries. We remain committed to a Wales which delivers on quality jobs, strong businesses, and thriving communities.



Eich cyf/Your ref
Ein cyf/Our ref

Mike Hedges MS
Chair, Legislation, Justice and Constitution Committee
Welsh Parliament
Cardiff Bay
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CF99 1SN

25 November 2025

Dear Mike,

Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

During the session on 10 November, in which I gave evidence as part of your scrutiny of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill, I committed to respond in writing to any questions the Committee had that were not reached, to aid your scrutiny of the Bill. As such, please find my response below to the questions as set out in your letter of 12 November.

Legislative consent

- 1. Does the Government consider that any of the provisions of the Bill require the consent of HM The King or the Prince of Wales? If so, when do you anticipate that any required consents will be received?**

The Welsh Government is of the view that given the property interests of the Duchy of Cornwall in Wales (which revert to the Crown when there is no Duke of Cornwall) that the consent of the Duke of Cornwall and the King will be required

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

in relation to the Bill. We anticipate these consents will be in place to allow the Bill to proceed at Stage 4, should the Senedd approve it.

Development of the Bill

- 2. The Explanatory Memorandum refers to a “paucity of reliable data currently available” regarding the number of self-catering lets available in Wales and “no data available on the characteristics of premises or levels of compliance with the existing statutory obligations”. Why did you conclude that the Bill is needed?**

There has been a significant growth in the “short term let” type of accommodation in recent years. The number of self-catering properties on the non-domestic rating list increased by 60%, from 7,000 to over 11,000, between April 2019 and April 2023.

This growth reflects the contrasting ease of entry to the market. To let a house out to a long-term tenant, you have to register as a landlord, obtain a licence or appoint an agent and ensure that statutory obligations are being met. To let out a property to visitors on a short term basis, it can simply be listed on an on-line platform, and a person can start taking bookings.

Industry bodies tell us that not all providers in the short term let market are aware of their statutory obligations, and as a result they are able to operate at a lower cost than those who do what is required. This was borne out in Scotland. When they introduced a licensing scheme local authorities in Scotland found that a significant number of applicants were not able to produce the documentation which was required.

The case for the legislation is set out in the explanatory memorandum, which includes references to local authority research, academic analysis, thinktank reports, industry analysis, and a House of Commons library report on changing patterns of providing visitor accommodation in England, as well as our own work, all of which contribute to the evidence of need for this Bill.

The limitations of the evidence about compliance, are part of the reason this Bill is needed, and a paucity of specific data is not sufficient reason not to act on the patterns and impacts which are clearly evident.

- 3. You stated in Committee that: “*The Bill has been consulted upon in one way or another in every single year of this Senedd term. There have been a long series of opportunities particularly with the industry itself to make***

sure that the Welsh Government was made aware of people’s views and to adapt the proposals to take account of that.”

What opportunity, if any, have stakeholders been given to comment on specific proposals as they appear in the Bill?

Stakeholders have been consulted throughout this Senedd term, with regular engagement and specific opportunities for the industry to provide feedback. That feedback has influenced the nature of the Bill that has been introduced.

Officials have discussed key aspects of the Bill with stakeholders and industry bodies in different ways during the lead-up to introduction, including meeting with the Visitor Economy Forum, holding engagement sessions at Regional Tourism Fora meetings, and holding various separate meetings with industry representatives. This is, of course, in addition to the ongoing regular engagement with the sector by both officials and Ministers.

Stage 1 scrutiny provides a further opportunity for stakeholders to share their views. Should the Bill succeed then we will work closely with the sector to shape many of the operational details of the scheme and the development of the regulations and guidance that will underpin it.

4. Did you consider delaying bringing forward the Bill until after the implementation of the registration regime established by Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025?

It was considered, but we chose to bring the registration scheme forward by placing the provisions within the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 (“the VARL Act”) instead of in this Bill, as originally intended.

As it stands, we expect all providers to be registered by 2027. If we were to take time to consider the data from registration before bringing legislation to the Senedd, we would be delaying this Bill by at least another three years. This would mean the licensing scheme might not be in place until 2032 or 2033 – straddling another Senedd election, and more than a decade after we committed to deliver it in the Co-operation Agreement.

The Bill is intended to create a fair regulatory playing field, meeting the challenges which are significant enough to justify legislating now.

The licensing scheme set out in the Bill will not be implemented until after the national register is in place, allowing that data to inform and influence operational details, procedures and processes. Introducing the Bill now also allows for more coherent and efficient operational arrangements and implementation of both registration and licensing.

5. In Committee, you stated that “the vast bulk of licenses will be issued through as automatic a process as possible by the Welsh Revenue Authority”, but that, “In the minority of cases where a more direct form of inspection or intervention is needed”, the Bill leaves it open for the Welsh Government to work with local authorities or with Visit Wales to physically inspect premises. Why hasn’t this been clarified in advance of the Bill being introduced, and why has this not been included in more detail on the face of the Bill?

The Bill is clear that the licensing scheme is the responsibility of the Welsh Ministers and the Welsh Government, as I set out in my letter to the Economy, Trade and Rural Affairs Committee on 18 November, in order to maintain a national scheme and provide strategic oversight at a national level.

What the Bill allows for is flexibility to make the most efficient and effective arrangements to deliver that legislation in practice. This allows us to work with a range of partners to consider where others might deliver some of those functions on our behalf. It avoids creating a rigid framework so that, as operational plans develop, we are able to maximise opportunities and efficiencies, and exploit synergies, such as with registration and the levy to deliver the Bill if the Senedd chooses to pass it.

In practice Welsh Government and the Welsh Revenue Authority (WRA) will work together to ensure the registration and licensing systems are as seamless as possible for the user, WRA and the licensing authority. I would like to see a single system for visitor accommodation providers to manage their registration, licensing and levy matters in one place, reducing duplication. That is the basis we are working upon, so that the registration system managed by the WRA can be expanded to support the licensing scheme in the future.

We are also considering how large a role technology such as artificial intelligence may be able to play in the application process, which will shape the scale of the team needed to process applications, and the types of decisions they will need to make. We anticipate the majority of applications to be straightforward, and the more we are able to automate via the IT system, the better for all involved.

In what we expect to be a small number of cases, which are more complex and potentially require a physical inspection, we will work with local authorities to explore whether it would make sense for them to support us with those functions. Similarly, we will work with Visit Wales to consider what role they might play in supporting the licensing scheme.

Delegated powers

6. During our meeting on 10 November, in response to a question about whether the Bill strikes the right balance between what is on the face of the Bill and what is provided for in terms of delegated powers, you stated that: *“Sometimes there are things where you might put something on the face of the Bill that actually create a straitjacket for the industry, and where regulations allow a different level of engagement with the industry. Most of the regulations we are talking about will be subject to consultation further to Senedd affirmation, and where the flexibility the regulations allow means that the Bill and its requirements will work better for the industry itself. Sometimes there've been choices between the two aspects you've suggested where my view was, I'd resolve them in favour of what I think works for the industry, rather than the clarity that I know the Senedd would sometimes like to see...”*

Please can you provide us with any examples of specific provisions in the Bill that either reflect requests from the tourism industry to defer detail to regulations rather than placing it on the face of the Bill, or that support your belief that this would be their preferred approach?

The industry has been clear with us in our engagement on the Bill that they want the licensing process to be simple and straightforward for providers who are doing the right things. The industry has asked for flexibility in how the scheme will operate; and in some areas, this can only be achieved by leaving the detail to regulations. This will allow us to work closely with the industry in the development of some of the operational practicalities, whilst still providing the Senedd with oversight of the scheme.

In terms of specific examples, I provided one during our session. Namely, the renewal of licences. Other examples include the training requirement and provisional licences. These are areas where the sector raised points during their engagement with officials, particularly in relation to business continuity and minimising bureaucracy. These views have influenced the decision to take powers to work with the sector in detail to develop operational processes and make regulations to propose to the Senedd. This will allow us to work with the sector take advantage of future advances in technology and fulfil our wish to keep things as light-touch as possible.

The specific justifications for other powers taken are varied, but follow a similar theme – they provide the flexibility to ensure an agile scheme that works in practice, enable the scheme to be extended to other types of visitor accommodation in future, or, in some cases, relate to similar powers under the VARL Act, recognising the interaction between registration and licensing. The

justification and policy intention for all of these powers has been set out in the Statement of Policy Intent, shared with Committees on 5 November.

7. Please could you explain the Government's justification for taking the Henry VIII powers in the following sections:

These are powers which can only be exercised with the approval of the Senedd. Their exercise is not at the discretion of the Welsh Ministers. Overall, they are intended to reduce the need for repeated new primary legislation to address minor matters, while still preserving parliamentary oversight.

a-c Sections 6(2), 17(1) and 19(3)

As set out in group one of the Statement of Policy Intent, the overarching policy intent for these provisions, alongside other relevant provisions, such as the power under section 5(1)(b) to prescribe additional descriptions of regulated visitor accommodation, collectively, is to allow the Welsh Ministers to extend the scope of the scheme to any other types of visitor accommodation in Wales, should the Senedd deem it appropriate.

The justification for the Henry VIII powers within these provisions, therefore, is to ensure the legislation can be considered holistically in these circumstances. The powers enable key parts of the licensing scheme to be updated or adapted to reflect any extension to the scope of the scheme, including the fitness requirements, the licence conditions that may apply, and the approval requirements for licence applications in light of any changes to the conditions. In addition, the powers provide the flexibility to update and adapt the scheme over time, to keep pace with changes across the visitor accommodation sector as new risks, technology or best practice is identified, and avoid divergence with wider regulatory standards or legislation, unless it is deemed appropriate. In this way they are necessary to ensure the scheme continues to deliver its intended purpose.

d. Section 25(2)

This provision is to ensure the procedures and application processes for the renewal of a licence are provided for, without requiring the duplication of information already held by the licensing authority. The regulations will also provide for the continuity of a licence during the renewal process. Setting these processes and procedures out in regulations also allows the renewal process to evolve over time, allowing for a more nuanced and responsive approach in consultation with stakeholders, and to take advantage of advances in technology

or lessons learned over time, streamlining the process and reducing requirements of providers, wherever possible.

The justification for the Henry VIII power in this provision is as that set out above for sections 6, 17 and 19. It will ensure adaptations to the scheme can be considered holistically, without the need for primary legislation to make minor or technical changes to ensure the scheme remains fit for purpose.

e. Section 49

Partnerships and unincorporated bodies can have complex structures, and the initial provisions may not cover every scenario as business practices evolve. The policy intention for this power, and consequently, the justification for the inclusion of Henry VIII powers within it, is to enable the Welsh Ministers to adapt the legislative framework and the licensing scheme it creates. In this way it will be possible to respond to new types of business arrangements as practical issues arise in the application of the Bill or the VARL Act to partnerships and unincorporated bodies during implementation or over time, and to prevent any loopholes developing that could undermine the efficacy of the licensing scheme. This power replicates corresponding powers under the VARL Act and is necessary to ensure parity between that Act and this Bill, given registration is a licence condition.

f. Section 56(1)

This provision, including the Henry VIII power it contains, is a standard provision in complex legislation such as this, primarily for the purposes of giving effect to the Bill, and ensuring that its effect in practice is as intended. It is particularly important in this Bill, given its interaction and interdependencies with the VARL Act.

Clarity and effect of proposals

- 8. The Bill states that it will form part of a code of Welsh law relating to tourism. We note your comments and the comments of your official made on 10 November. In relation to the proposed code, you stated that the code will make relevant law relating to tourism “available in one place”, and your official later stated that “everything is published together in one place, and described as a code”. From a practical point of view:**

a. Where can a user find a standard definition of what the Welsh Government means by a code?

The publication arrangements for Welsh legislation remain the responsibility of the King’s Printer for Wales. However, by also publishing on a Welsh Government website such as Cyfraith Cymru, we will be able to co-locate all of the legislation that forms part of a Code on one webpage.

Cyfraith Cymru already includes an explanation of what a code of Welsh law is, what it means, and the intended purpose of such codes via their page on [the future of Welsh law](#). And, for the purposes of the Tourism code, we will include information in the tourism context, should the Bill be passed by the Senedd.

b. What changes, if any, will legislation.gov.uk make to their website so that a user knows that a tourism code exists, whether legislation is part of that code, and how to find other legislation that is part of the same code?

We are still in the relatively early stages of creating codes of Welsh law in this way, and the Welsh Government will continue to work with the National Archives (who manage legislation.gov.uk) to ensure, as far as is possible, that all codes of Welsh law are clearly presented and accessible to users.

However, the primary source of legislation and information on codes, at least in the immediate future, will be Cyfraith Cymru; and we will ensure this is promoted in any communications and engagement with the tourism sector and the wider public, so that people are able to easily find the code and all relevant legislation and information contained within it, made under it, or related to it. The intention is that Cyfraith Cymru will create a “one stop shop” for tourism legislation, allowing users to see, at a glance, the legislation in the code, explanatory material, guidance and signposts to any other legislation that may be relevant.

9. Section 39(4) of the Bill provides that disclosure of information between the Welsh Ministers and the list of bodies in subsection (3) does not breach obligations of confidence or “any other restriction on the disclosure of information (however imposed)”. What types of restriction would this provision override and why is it necessary?

Subsection 39(4) has been included to make clear that a visitor accommodation provider cannot restrict the ability of information to be shared, where this is necessary for the effective co-operation between relevant regulators, and there is otherwise a lawful basis for doing so. It is necessary to ensure information can be shared between the licensing authority and other regulators to facilitate compliance, enforcement and the consideration of applications.

However, the provisions under section 39 need to be read alongside section 183A of the Data Protection Act, as set out under 39(5). This emphasises that all processing of personal data must take place lawfully, and in line with data protection legislation.

10. Section 46 prohibits advertising or marketing visitor accommodation at premises without including certain information in a manner and form specified by the Welsh Ministers. How will those requirements be specified in practice and why did you decide not to specify requirements in regulations?

The Bill clearly specifies the information which must be included. This is a registration number, and information about how to access the visitor accommodation directory to find out more about it. Specifying exactly how this is provided in guidance rather than regulations gives us the room to work in detail with platforms and booking agencies to ensure the required information is communicated as clearly and effectively as possible to the visitor.

Visitor accommodation is advertised in a wide variety of ways, on many different types of platforms and in many formats. We need to work through the practical solutions for all involved, without creating an unreasonable administrative burden. This is a detailed operational matter which, I concluded, was not best navigated through regulations.

11. Section 47 creates an offence for failing to comply with the requirements for advertising visitor accommodation in section 46. Could a letting agent or online booking platform be criminalised for non-compliance with section 46? Or just a visitor accommodation provider?

This offence would apply to any platform advertising or otherwise marketing visitor accommodation. I do not think it is unreasonable to expect booking platforms to take responsibility for publishing accurate information. The registration number and associated information will be available through the public register, and latterly the Directory of Visitor Accommodation, for anybody to check.

It is not the purpose of the Bill to punish people who have made mistakes, but it does seek to create a robust system that gives visitors confidence in accommodation they book in Wales. The advertising requirements play a central role in that. It shows all visitors to Wales that their accommodation is operating within a clear regulatory system, and anyone seeking to advertise their visitor

accommodation in Wales should very quickly find out that they cannot do so without registering and, if necessary, obtaining a licence.

This provision will apply to all registered visitor accommodation, not just self-contained self-catering visitor accommodation.

The point at which this provision is commenced will be determined as implementation plans are developed, to ensure a smooth implementation and transition to the new scheme. We will work with booking platforms and destination management organisations to consider the timing and any additional specific transitional arrangements in this regard. This would ensure the scheme has time to bed in, and provides the opportunity to work with booking platforms and the industry, as well as WRA, to put processes in place that are reasonable, sensible and practical. These advertising requirements are an integral part of the way the scheme works, and its consistency with the corresponding enforcement regime across the rest of the Bill reflects that.

Other questions

12. Why has the Cabinet Secretary chosen not to include a provision on the face of the Bill that requires the Welsh Ministers to undertake a post-implementation review?

While there is no explicit provision for a post-implementation review on the face of the Bill, the Welsh Government is committed to reviewing the legislation after implementation to ensure it is operating effectively, as set out in the Explanatory Memorandum.

In addition, following on from the scrutiny of the Bill, the licensing authority and the scheme will remain the responsibility of the Welsh Ministers, who are already subject to all the normal avenues of Senedd scrutiny.

I would also want the terms and timing of any review to be dictated by what could best improve the service we offer visitors and visitor accommodation providers, and the legislative framework to promote tourism in Wales, rather than an arbitrary deadline. Similarly, the responsible Committees in the next Senedd and its successors will also be able to conduct their own inquiries.

I would, however, welcome the Committee's view as to whether they felt the Bill should specify specific aspects of the scheme which should be considered in the review.

13. Are you expecting to bring any particular amendments to the Bill forward at Stage 2?

We always continue to review legislation after it has been introduced, and it is likely that we will identify some areas where the intention of the Bill could be made clearer, to ensure it is interpreted as intended, and has the intended effect. I therefore expect to bring forward some amendments at Stage 2 for this purpose.

I will also, of course, consider the recommendations from all the Committees who consider the Bill during this stage of scrutiny, and whether I need to bring forward any amendments to the Bill at Stage 2 as a result.

14. Should the Bill be passed and enacted, when do you envisage the licensing scheme being implemented?

We expect the national register to be in force in 2027, which should enable the licensing scheme to be operational during 2029/30.

I am copying this letter to the Chairs of the Finance and Economy, Trade and Rural Affairs Committees, for their information.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive style and is enclosed within a thin black rectangular border.

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language