

# Agenda – Economy, Trade, and Rural Affairs Committee

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Meeting Venue:

Committee room 5 – Senedd  
and video conference via Zoom

Meeting date: 20 November 2024

Meeting time: 10.00

For further information contact:

**Robert Donovan**

Committee Clerk

0300 200 6565

[SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

## Hybrid

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### Private pre-meeting

(09:45–10:00)

### Public meeting

(10:00–12:05)

#### 1 Introductions, apologies, substitutions, and declarations of interest

(10:00)

#### 2 Papers to note

(10:00)

##### 2.1 Tourism industry

(Pages 1 – 2)

Attached Documents:

Letter from the Cabinet Secretary for Economy, Energy and Planning – 11  
November 2024



## **2.2 Sustainable Farming Scheme – feedback from stakeholders at the Royal Welsh Show**

(Pages 3 – 4)

Attached Documents:

Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs – 11 November 2024

## **2.3 Consultation on amendments to the Joint Fisheries Statement**

(Pages 5 – 7)

Attached Documents:

Letter from the Welsh Fisherman's Association – 11 November 2024

## **2.4 Regenerative farming advertising**

(Pages 8 – 9)

Attached Documents:

Letter to the Chair from the Advertising Standards Authority (ASA) – 12 November 2024

## **2.5 Inter-Parliamentary Engagement**

(Page 10)

Attached Documents:

Letter from the Chair to the Chair of the Environment, Food and Rural Affairs Committee, House of Commons – 15 November 2024

## **2.6 Petition P-06-1291 Hold an enquiry into the corporate takeover of the veterinary profession in Wales**

(Page 11)

Attached Documents:

Letter from the Chair to the Petitions Committee – 15 November 2024

### **3 Future of Welsh Steel**

(10:00–11:00)

(Pages 12 – 33)

The Rt Hon Jo Stevens MP, Secretary of State for Wales, UK Government  
Rebecca Evans MS, Cabinet Secretary for Economy, Energy and Planning,  
Welsh Government

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

Kate Hearnden, Head of Industry Decarbonisation, Energy & Steel, Welsh  
Government

Emma Edworthy, Deputy Director – Employability, Welsh Government

Attached Documents:

Research brief

Evidence Paper – Welsh Government

### **Break**

(11:00–11:05)

### **4 Annual Scrutiny of the Development Bank of Wales**

(11:05–12:05)

(Pages 34 – 49)

Sally Bridgeland, Chair, Development Bank of Wales

Giles Thorley, Chief Executive, Development Bank of Wales

David Staziker, Chief Finance Officer, Development Bank of Wales

Rhian Elston, Wales Investment Director, Development Bank of Wales

Attached Documents:

Research brief

Letter to the Chair from the Development Bank of Wales – 29 October 2024

**5 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting**

(12:05)

**6 Consideration of evidence following the meeting**

(12:05–12:15)

**7 Consultation on amendments to the Joint Fisheries Statement – consideration of draft response**

(12:15–12:20)

(Pages 50 – 51)

Attached Documents:

Draft Committee response to the Welsh Government consultation on amendments to the Joint Fisheries Statement

Eich cyf/Your ref  
Ein cyf/Our ref: RE/324/2024

Llywodraeth Cymru  
Welsh Government

Paul Davies MS  
Chair  
Economy, Trade and Rural Affairs Committee

[SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

11 November 2024

Dear Paul,

Thank you for your letter in which you asked for:

- 1) an update on the voluntary registration scheme;
- 2) an update on the wider Dwyfor pilot including any outcomes of, or progress with, the independent evaluation; and
- 3) whether any more recent data is available under the regional and local tourism profiles and whether the series will be updated.

I am pleased to provide the information below.

### **1) Update on the voluntary registration scheme**

I and the Cabinet Secretary for Finance and Welsh Language issued a written statement on 12 November updating members on the registration and regulation of visitor accommodation.

We will continue discussions with tourism stakeholders as we continue to progress with our proposals.

### **2) Update on the wider Dwyfor pilot including any outcomes of, or progress with, the independent evaluation**

The Cabinet Secretary for Housing and Local Government recently provided a written statement outlining the work of the pilot and highlighted that an interim independent evaluation report will be available in due course. It will set out early findings of the range of interventions that are being trialled in Dwyfor, including data mapping and exploratory research. The next phase – the process evaluation – began in October and will run for a year. The impact and economic phases will run from October 2025 to October 2026, with a final evaluation report anticipated in December 2026.

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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 terms of progress with recommendation 4 on research on the impact of tourism on the sustainability of communities, pilot surveys were undertaken in three local authorities to test the feasibility of collecting residents views on tourism. These reports will be published in early December.

### **3) Regional and local tourism profiles**

The regional and local tourism profiles summarise key tourism statistics at the regional and local level. The most recent profiles cover the period 2017 to 2019.

The profiles use three-year average estimates (e.g., 2017 to 2019), rather than annual estimates. This is because base sizes for regions and local authorities are often too low to produce robust estimates at an annual level, whereas three-year average estimates are more robust.

Due to concerns regarding the quality of data at the regional and local levels, there have been no further publications in this series. We are continuing to monitor the data as fieldwork continues and will provide estimates at the regional and local level as soon as we are able to.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a large initial 'R' and a period at the end.

**Rebecca Evans AS/MS**

Cabinet Secretary for Economy, Energy and Planning  
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Huw Irranca-Davies AS/MS  
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros  
Newid Hinsawdd a Materion Gwledig  
Deputy First Minister and Cabinet Secretary for Climate  
Change and Rural Affairs



Llywodraeth Cymru  
Welsh Government

Our Ref: HIDCC/PO/0314/24

Paul Davies MS  
Economy, Trade, and Rural Affairs Committee  
Welsh Parliament Cardiff Bay,  
Cardiff,  
CF99 1SN  
SeneddEconomy@senedd.wales

11 November 2024

Dear Paul

Thank you for your letter of 9 August and my sincere apologies for the delay in responding.

I recently responded to the Economy, Trade and Rural Affairs Committee report on the Welsh Government's proposals for a Sustainable Farming Scheme, which may provide a more substantive update but I thought it appropriate to respond to the feedback you received at the Royal Welsh Show regarding Working Groups and the Carbon Sequestration Evidence Review Panel for the Sustainable Farming Scheme (SFS).

We established three Stakeholder Working Groups to aid in the development of the SFS. These groups covered tenancy, common land and the inclusion of new and young entrants in the future Scheme.

The purpose of these groups was to help Welsh Government officials explore the opportunities within the Scheme to accommodate these important considerations in Scheme design. The content generated by these groups was important in helping to shape the content of the [Sustainable Farming Scheme - Keeping farmers farming](#) consultation published in December 2023.

Tenancy, common land and new entrants remain important elements of the SFS and have been considered by the Ministerial Roundtable and Officials Groups. The groups include all the key stakeholders with an interest in these areas. I am grateful for the effort made by the participants of the previous working groups and the positive commitment being demonstrated by stakeholders in the current discussions.

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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.

The work of the Carbon Sequestration Evidence Review Panel is established in their Terms of Reference (ToR), which were developed and agreed by the Ministerial Roundtable. Its members are now leading the work with the Welsh Government providing the support mechanism and secretariat function. The Panel has made good progress, but the timetable is challenging as the work needs to fit within the wider scheme design timeline. In response I did find additional time for the Panel to conduct their review of the evidence, and the ToR were updated.

No constraints have been placed in the ToR other than to remain in scope of additional or alternative Actions to potentially sequester carbon as part of the SFS. I am not aware of any concerns on which experts were contacted to help the Panel with their review.

I remain convinced that this partnership approach is needed to help finalise the design of the SFS so it can commence in 2026. I am extremely grateful for the ongoing efforts made by all to meet this challenging timeline, on top of their ongoing business and personal commitments.

I will update Committee members on progress as this phase of the work draws to a conclusion.

Yours sincerely,



**Huw Irranca-Davies AS/MS**

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd  
a Materion Gwledig

Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

# Agenda Item 2.3



Welsh Fisherman's Association  
Cymdeithas Pysgotwyr Cymru

The national voice of Welsh fishermen  
[www.wfa-cpc.wales](http://www.wfa-cpc.wales)

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**Paul Davies MS:**

**November 2024**

**Chair: Economy, Trade and Rural Affairs Committee:**

Dear Mr Davies,

**Consultation on Amendments to Annex A of the Joint Fisheries Statement:**

Thank you for your kind invitation and interest in the views of the Welsh Fishermen's Association – Cymdeithas Pysgotwyr Cymru (WFA-CPC) in relation to the proposed changes/amendments to Annex A of the Joint Fisheries Statement (JFS).

The Joint Fisheries Policy Authorities (FPA's) consultation questions are noted below with our corresponding answers for consideration within the Economy Trade & Rural Affairs Committee scrutiny process. We have also included supplementary background information regarding the potential implications which, by default, will result in the event that FPA's fail to resource and fund priority science and evidence gaps, for FMP's listed in Annex A within the JFS legally binding deadlines.

**Q2:** Do you agree with the proposed new publication deadlines for the FMP's set out in Table 1 of the Consultation document?

- We do not disagree with the proposed change to the preparation and publication deadline of the 'Whelks in Welsh Waters' FMP within Annex A from 2022-2027 to 2022-2028. We are disappointed that a delay is considered necessary. However, in our considered opinion, we are confident that the measures introduced via the Whelk Fishing (Wales) Order 2019 together with the subsequent Whelk Fishing Permit Legislation introduced in 2022 will make a significant contribution to the FMP deadline to publish. For the avoidance of any confusion / misinterpretation we would recommend changing the title (Annex A) of 'The Whelks in Welsh Waters FMP' to 'Whelks in the Welsh Zone FMP' reflecting the extent to which the current 'Whelk Fishing Order (Wales) 2019' applies:

**Q3:** Do you agree with the proposal to make the technical and other changes to planned FMP' as set out in Table 2 of the Consultation document?

- Answer – Yes: With the exception of the typographical correction to Northern Shelf Mackerel, Northern Shelf Blue Whiting and Northern Shelf Hake; all other proposed amendments, technical or otherwise remain out-with the Welsh zone and the jurisdiction of the relevant authority/FPA. Where Welsh non-sector fishing interests extend beyond the Welsh Zone the WFA-CPC will continue to represent the views and interests of Welsh fishing businesses, pre and post publication where required.

**Q4:** Do you agree with the proposal to create a new Northern Ireland Periwinkle FMP as set out in Table 3 of the Consultation document?

➤ Answer – No opinion:

**Q5:** Do you agree with the proposal that Welsh Ministers should only remain as an authority responsible for the preparation and publication of those FMP's that extend to the Welsh Zone?

➤ Answer – Yes:

Given the legal and binding requirements set out in the Fisheries Act 2020 Section 6 duty to comply with proposals in the JFS Sub-section 7 *“the relevant authority or authorities in relation to a Fisheries Management Plan, means the Fisheries Policy Authority (FPA) by whom the JFS specifies the plan is to be prepared and published”*. We agree with the proposed changes to authorities responsible for the preparation and publication of FMP's as they relate to Welsh Ministers and the Welsh zone which, in our considered opinion, are both sensible and necessary amendments to the Annex A list:

Supplementary: FMP's duty to comply with Proposals in the JFS – Science and Evidence:

Whilst we understand the purpose of this consultation, we are concerned that the FPA's framing of the exercise is restricted to seeking views only on matters in this consultation as they relate to Annex A of the JFS.

We would argue that the duty to prepare and publish FMP's by the relevant authority or authorities also includes the proposals in the JFS to achieve or contribute to achieving the Fisheries Act objectives as they relate directly to the stocks, fishing area and timetable published within Annex A which gives rise to a fundamental concern with respect to funding the known evidence gaps in data limited stocks and data deficient non-quota stocks of fish and shellfish in accordance with the science and evidence objectives (JFS Section 2,3, 4.2.2 and 5.2.4) and the Fisheries act 2020, Section 6, Sub-section (3) (B) (ii):

*“FMP's must: - Specify the steps (if any) that the relevant authority or authorities propose to take to obtain the scientific evidence necessary to enable an assessment of the stocks Maximum Sustainable Yield (MSY) to be made”*.

Accordingly, each FPA must include within the FMP an evidence strategy and an evidence plan in order to meet the legal requirements as prescribed under Section 6 of the Act. If insufficient evidence is available to make an assessment of the stocks MSY (or equivalent proxy) the relevant FPA's must act in accordance with Sub-section (4) in determining policies specified under Sub-section (3) (B) (i) – *“The relevant Authority must adopt the precautionary approach to fisheries management”* (Section 1: Sub-section (10) (B)).

Whilst we acknowledge and support that the prime focus of all FMP's will be achieving the long-term, sustainable harvesting of our stocks, we are nonetheless, acutely aware of and concerned by the scale of evidence required to determine the MSY or suitable proxy of

Non-quota species within the legally binding deadlines as set out within Annex A and as agreed by the National Fisheries Authorities (NFA's) under the Joint Fisheries Statement.

The combination of the significant evidence gaps for non-quota species and time bound legal deadlines presents a very clear cliff-edge whereby, if a stock or stocks MSY cannot be evidenced the relevant authority or authorities will accordingly have to apply a precautionary approach.

To avoid the 'cliff-edge' the evidence gaps will need to be filled urgently, however, despite the duties required of NFA's throughout the legislation as relates to the science and evidence requirements

and objectives together with the evidence strategies and plans as required for each FMP by the FPA's there is no mention of how the evidence and scientific advice required will be resourced or funded. This is a particular concern for fishermen and women in Wales for whom a potential 'cliff-edge' will be devastating as our small-scale, low impact Welsh registered fishing fleet are almost entirely reliant/dependent on non-quota species such as: - crab, lobster, whelk, scallops and bass inter alia, which, in the absence of an MSY/Proxy will, by default, and for reasons not of their making, be subject to precautionary measures.

Conversely, the science and data requirements for pressure/quota stocks have been and continue to be funded by the UK Government under the Statutory Data Collection Framework which continues to be the case under retained EU law procuring and providing the evidence necessary to inform the annual International Council for the Exploration of the Sea (ICES) scientific catch advice.

This long-standing precedent must surely apply to the now 'time critical' science and evidence requirements for NQS.

Whilst we would not expect the legislation to detail the necessary funding requirements specifically, we do expect such detail to be prioritised, agreed and committed to each FMP with the appropriate resources and funding provided to each FPA in order to achieve or contribute to achieving the fisheries objectives whilst supporting a vibrant and prosperous seafood sector and thriving coastal communities.

We respectfully urge the Economy Trade & Rural Affairs Committee within the scrutiny process set out in schedule 1 of the Fisheries Act to examine the detail and substance of our submission to this inquiry and would be grateful for any amplification you may consider appropriate subject to your deliberations in accordance with the provisions under Section 3 Sub-section (2) (A) (B) of the Act.

Thank you for your invitation to contribute to this important inquiry, I hope our submission is helpful to the work of the Committee. If you require any further information during the scrutiny period, please do not hesitate to contact me.

With thanks and kind regards

Jim Evans

For and on behalf of the

Welsh Fishermen's Association – Cymdeithas Pysgotwyr Cymru (WFA-CPC)

# Agenda Item 2.4

12 November 2024

**By email**

Dear Mr Davies MS

I am writing on behalf of the Advertising Standards Authority (ASA) to bring to your attention new guidance published on 7 November 2024, on advertising regenerative farming initiatives responsibly, a topic we believe may be of interest to you given your role on the Economy, Trade, and Rural Affairs Committee.

The ASA is the UK's independent regulator of advertising by legitimate businesses across all media. We work closely with politicians as well as the ad industry, consumer groups and civil society organisations to make sure that people and responsible businesses are protected from irresponsible advertising. As the ad regulator, we want to provide the tools businesses need to get their messages out while avoiding getting it wrong, so we regularly publish guidance on a range of topics to provide them with the most up to date, relevant advice.

We have seen increased interest and discussion around “regenerative farming.” While not yet a common feature in mainstream advertising, this concept is gaining traction as a solution to pressing environmental issues, particularly within the agricultural sector. However, as it currently lacks a legal or universally accepted definition, and because [average consumer understanding](#) and awareness of the term remains relatively low, “regenerative farming” could be used variably, potentially leading to misrepresentation from advertisers and misunderstanding among consumers

Our recent [guidance](#) outlines best practices for companies promoting their regenerative farming initiatives, with the aim of fostering transparency and preventing misleading claims. Our key recommendations include:

1. Transparency in communication: advertisers are encouraged to clarify their use of regenerative farming terminology and any associated metrics.
2. Avoiding overgeneralisation and cherry-picking: advertisers should avoid suggesting that minimal or token regenerative practices reflect a full regenerative approach.

**Legal, decent, honest and truthful**

**Chair** The Rt Hon the Baroness Morgan of Cotes **Chief Executive** Guy Parker  
**ASA Council (Broadcast)** Matt Barwell, Murphy Cobbing, Elizabeth Gordon, Alison Hastings, Claire Hilton, Mark Howe, Rotha Johnston, Richard Lloyd, Kirsten Miller, Rebecca Rumbul, Krystle Sargent and Monisha Shah

**Pack Page 8**

3. Avoiding absolute claims: terms like “regenerative,” “sustainable,” or “nature-friendly” must be supported by robust evidence.
4. Differentiating from other farming methods: regenerative farming practices may intersect with but are distinct from organic farming, so advertisers should avoid blurring these differences in ways that could mislead consumers.
5. Considering broader environmental and animal welfare claims: claims around environmental or welfare benefits should not be exaggerated.

As the discourse around sustainable farming grows, there is a heightened importance that claims made about regenerative farming are easily and readily understood by business and consumers alike and that they don't mislead. This guidance represents an effort to promote truthfulness and clarity in advertising as the agricultural sector navigates these emerging practices.

Should you have any questions or need further information on this, or any other advertising-related topic, we would be pleased to assist. We've recently launched a [webpage](#) specifically for policy makers, which provides briefings on key areas of our work, as well as details on how to get in contact with our Public Affairs team.

Thank you for your attention to this important matter.

Yours sincerely,

Grace Curley, Public Affairs Adviser

**Economy, Trade, and  
Rural Affairs Committee**

**Senedd Cymru**

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The Rt Hon Mr Alistair Carmichael MP  
Chair of the Environment, Food and Rural Affairs Committee  
House of Commons

15 November 2024

Dear Alistair,

**Inter-Parliamentary engagement**

Thank you for your letter and congratulations on your election as Chair of the House of Commons Environment, Food and Rural Affairs Committee. I would be pleased to attend a meeting with yourself and our colleagues from the Scottish Parliament and Northern Ireland Assembly to explore our shared interests and ways our Committees may work together.

I look forward to working with you in the future.

I have copied this letter to Llyr Gruffydd MS in his capacity as Chair of the Senedd's Climate Change, Environment, and Infrastructure Committee.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

CC: Llyr Gruffydd MS, Chair of the Senedd's Climate Change, Environment, and Infrastructure Committee



Carolyn Thomas MS  
Chair  
Petitions Committee

15 November 2024

Dear Carolyn,

**Petition P-06-1291 Hold an enquiry into the corporate takeover of the veterinary profession in Wales**

Thank you for your update on the Petition. The Economy, Trade and Rural Affairs Committee is also keeping a watching brief on the Competition and Markets Authority inquiry into Veterinary services for household pets. Once the CMA has reported the Committee will consider its next steps. This may include holding an inquiry if appropriate.

I would also like to add my thanks to the petitioner and other correspondence for their engagement with the Senedd on this matter.

Kind regards,



Paul Davies MS  
Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

# Agenda Item 3

Document is Restricted



# The Future of Welsh Steel

20/11/2024

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# 1. Introduction

This paper provides further evidence for the Economy, Trade & Rural Affairs Committee's Inquiry into the Future of Welsh Steel.

## 2. Steel in Wales

The last twelve months have been a difficult period for the Welsh steel sector.

Tata Steel UK (TSUK) has now moved away from blast furnace steel production and is in the process of transitioning to electric arc furnace steelmaking, a process that will take three years. The transition will provide environmental benefits but will cost many jobs both directly and throughout TSUK's supply chain.

The Spanish ownership of Celsa Steel was taken over by its investment fund main creditors. The new ownership is working on restructuring the business and we are waiting to see what impact, if any, this will have on the Cardiff Celsa site.

Liberty Steel is currently looking to sell its facility in Tredegar.

## 3. Tata Steel UK (TSUK)

Negotiations over the future of TSUK have now concluded and the future path for the Company is set on a course of transition from blast furnace steel production to electric arc furnace steelmaking.

TSUK has put in place a voluntary redundancy scheme which it says is the most generous the company has ever offered. The Company is looking to minimise compulsory redundancies and for those at risk of compulsory redundancy, it has established the option to join a training programme. This will be for up to twelve months and tailored to individuals to gain recognised qualifications to support their redeployment into new jobs.

Along with our Transition Board partners, we are continuing to provide support to those impacted by the transition. Supporting the bridge between redundancy and new opportunities will be important and something the Transition Board is fully cognisant of. Courses are already underway to provide TSUK workers with recognised accreditation for the prior learning and skills they hold.

More than 50 businesses and organisations have signed pledges of support guaranteeing job interviews for those affected by the transition. There will be opportunities to work on the reconstruction of the steelworks site as it transitions from blast furnace to electric arc furnace (EAF) technology, as well as for the construction of the new EAF.

## 4. Welsh Government Support

The Welsh Government has made available support through its employability and upskilling programmes, ReAct+ and Communities for Work+, which can provide support for training and mentoring to TSUK and its supply chain for employees who wish to remain in the labour market.

The Welsh Government is committing approximately £25 million on ReAct and Communities for Work:

Between 01 April and 31 July 2024, a £2m Personal Learning Account (PLA) Tata targeted intervention pilot was implemented to provide swift support for Tata and supply chain employees. Initial data shows that the PLA Pilot for Tata intervention has enabled 716 employees at Tata and its supply chain to engage in 1,005 re-skilling or upskilling programmes. Learners have undertaken learning opportunities in logistics, construction, engineering, digital and project management.

For the 2024-25 academic year, the PLA Tata targeted intervention will continue as part of the larger part-time mainstream provision funding and as of 01 August 2024 responsibility for delivering PLAs has moved to Medr.

Working with Neath Port Talbot Council (NPTC), Business Wales is playing a key role to support the delivery of the Transition Board funded Supply Chain Flexible Fund, by providing dedicated advisors and expertise to support supply chain companies, who can undertake a detailed diagnostic and action plan with eligible companies.

Business Wales also provide support for individuals facing redundancy should they wish to consider self-employment or start their own business and can provide information, advice and guidance on starting a business, as well as accessing business finance. Any business or individual affected is encouraged to contact the Business Wales helpline.

The Development Bank of Wales gives businesses in Wales a valuable support mechanism in critical periods of economic uncertainty. This is particularly relevant to businesses within TSUK's supply chain impacted by the transition.

## 5. Wellbeing and Mental Health Support

The Welsh Government and our partners on the Tata Transition Board are very mindful of the impact redundancies have not only on the employees affected, but on their families, and the importance of support being available to deal with the stresses caused by these situations.

The Transition Board has agreed five priority areas for support: Job Matching, Skills and Employability; a Supply Chain Transition Fund; a Business Growth and Start Up Fund; support for mental health and wellbeing; and regeneration projects.

The Board has brought all our support mechanisms together, including those provided by community groups to provide a holistic approach to helping those workers, their families and the wider communities impacted by Tata's proposed transition.

A webpage is available on the NPTC website Tata Steel Transition Information Hub - Neath Port Talbot Council ([npt.gov.uk](http://npt.gov.uk)) which provides a one-stop-shop single point of contact for everyone seeking help and advice. The webpage signposts links for both individuals and businesses to all available support including support for mental health and wellbeing through Local Health Boards.

Swansea Bay University Health Board is engaged in the transition arrangements to ensure those affected know what support is available and how to access it. This information is included on the online Hub developed to make it easier to find and access support. This includes easy to access mental health support that doesn't need a referral from a health professional – for instance the CALL helpline, online Cognitive Behavioural Therapy and 111 press 2 for mental health.

A Community Relations and Well-being Group has been set up which meets fortnightly to enable any themes to be discussed and acted upon appropriately. This includes looking at the demand/need for mental health support.

Public Health Wales is also undertaking work to inform future needs to inform longer term service planning.

Working with the Transition Board, the Welsh Government will continue to do all it can to support and mitigate the impact on those workers, businesses, and communities directly affected by the transition.

## 6. Opportunities and challenges

Steel continues to be a vital material for now and the future globally. Construction, automotive, infrastructure, renewables, all rely on steel. Steel will be at the centre of our net zero transition, helping to support the development of new industries as well as supplying our current manufacturing base.

## 7. The UK Steel Strategy

The UK Government announced its intention to develop a Steel Strategy by the spring of next year and we look forward to working closely with them on its development to ensure all Welsh based steel companies are considered.

## 8. The National Wealth Fund (NWF)

The Welsh Government welcomes the creation of the NWF, and the additional capitalisation that the UK Infrastructure Bank will receive. Additional public funding can and should act as a catalyst for significant private investment in a wide range of sectors, and in all regions and nations.

The UK Government has earmarked £2.5bn for steel within the NWF. It is critical that Welsh based steel companies benefit from the fund through capital investments that can secure the future of the industry and create meaningful jobs.

## 9. Energy prices

UK energy prices are regarded as a barrier to growth and competitiveness for our energy intensive industries such as steel. Paying higher charges for energy than our overseas competitors does not allow our steel industry to compete on a level playing field. Calculations by UK Steel show our steel sector is paying up to £22 per megawatt-hour (MWh) more in 2024 for electricity than its French and German competitors. We will continue to engage with the UK Government on the cost of energy.

## 10. Scrap metal

Scrap metal is fast becoming a strategic raw material. With steel companies across Europe moving towards greener steelmaking through furnaces that are being fed by scrap metal instead of virgin iron ore, the demand for scrap is on the rise.

Celsa currently has a demand for scrap metal for its EAF and TSUK once transitioned will also require scrap metal for theirs. British Steel is also contemplating moving to EAF and this will be a further pull on our domestic scrap.

Tata has stated the change to electric arc steelmaking using UK generated scrap will reduce the UK's industrial carbon emissions by 8% (and Port Talbot's by 90%), setting a benchmark in circularity while responding to demands by industrial customers for green steel.

According to UK Steel, the UK, unlike many other parts of Europe, has a surplus of scrap metal. We produce in the region of 10-11mt of scrap steel each year and export 80% of it. The transition to low-carbon steelmaking will require significant levels of high-quality domestic steel scrap to be retained within the UK. Longer term, scrap availability will be a significant constraint.

The recycling of steel scrap is currently inhibited by low quality of end-of-life scrap and lack of scrap enhancement capabilities to address contamination.

Governments and the steel and recycled metals industry together will need to identify a mutually beneficial way to turn what is now an export business into one that primarily services our domestic market, to ensure the availability of a strategic asset for our steel sector.

The Welsh Government will increase our engagement with the steel industry, scrap supply chain and other key stakeholders such as Swansea University to understand the barriers to improving the supply of quality scrap.

## 11. Procurement

We continue to embed best practice in procurement wherever possible. Officials are undertaking work on the Welsh Government's position and alignment with the UKGs Procurement Policy Note, 'PPN 04/23: Procuring Steel in Government Contracts'.

Our Welsh Procurement Policy Note (WPPN) 'Sourcing steel in major construction and infrastructure projects in Wales' has been strengthened to further align with the UK Steel Charter, by encouraging projects in Wales to source and benefit from high quality British steel wherever it is legally compliant to do so. The WPPN is supported by the 2015 Wellbeing of Future Generations Act (Wales) well-being goals. The WPPN sets out Pre-Procurement Planning for Welsh Public Sector (WPS) bodies within scope of the WPPN. All WPS bodies are encouraged to consider how and when steel inputs will be procured through the supply chain.

The Procurement Act 2023 will support the sourcing of steel in major construction and infrastructure projects in Wales through assessing tenders in a different way, i.e. procurers will no longer have to assess them on the basis of Most Economically Advantageous Tender but Most Advantageous Tender, thereby removing the 'economic' criteria. While cost to the public purse is important, unfairly undercutting domestic steel suppliers may result in job losses with significant economic and social impacts on affected communities.

The Act will require certain opportunities to be published via pipeline notices. This will provide suppliers with a better understanding of future steel demand, which will allow the steel sector to better prepare and cater for future needs by ensuring that the right capabilities are in place. Also, WPS bodies will be asked to consider their design options and their implications for steel requirements, identifying specific steel products and volumes that will be required against the potential to source these from within the UK as well as holding 'meet the buyer' type events with industry to discuss their steel requirements.

# Agenda Item 4

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Paul Davies MS  
Chair, Economy, Trade and Rural Affairs Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA  
Via email to: [SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

29<sup>th</sup> October, 2024

Dear Paul,

Many thanks for taking the time to meet our new Chair, Sally Bridgeland and I recently.

We look forward to presenting to the ETRA committee on the 2023-2024 performance of the Development Bank in due course. In the meantime, and to continue to provide progress on the recommendations contained in the ETRA Committee report on the Development Bank and following our letter of 4th September, I have set out updates on the remaining items where our response was sought.

**Recommendation 3** – The Development Bank has historically commissioned Cardiff Business School, as part of the Economic Intelligence Wales research collaboration, to provide an impact assessment of the Bank’s debt and equity investments and to provide estimates of the jobs-based Gross Value-Added (“GVA”) supported by the Bank’s activity. This analysis has been undertaken by Cardiff Business School and published annually by Economic Intelligence Wales. The most recent assessment, for the 2022-23 year, is included within the [Economic Intelligence Wales annual report September 2023](#) (see pages 35-36).

For the 2023-24 financial year, a different approach has been taken with the aim of capturing the economic impact not only of the Development Bank’s debt and equity investments, but also of our property investments. This assessment of the Bank’s jobs-based GVA was prepared by our strategy team and was reviewed by Cardiff Business School. The analysis has been included in the [Development Bank of Wales’ 2023-24 Annual Report and Financial Statements](#) see page 62).

To better highlight the hugely positive impact made in attracting third party investment capital into Wales, we are undertaking a review of our data capturing methodology for private sector leverage and co-investment activity. Our approach to identifying private sector impact is robust but has historically centred around our core business investment activity. In recent years the remit of the Development Bank has expanded to include increased property investment impact and delivery of financial instruments such as MIMS. These are both good examples of where gross development value, in the case of property, and large-scale project finance, in the case of MIMs are key areas where our private investment impact is not currently reported.

#### Development Bank of Wales Plc

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Development Bank of Wales Plc is the holding company of a Group that trades as Development Bank of Wales. The Group is made up of a number of subsidiaries which are registered with names including the initials DBW. Development Bank of Wales Plc is a development finance company wholly owned by the Welsh Ministers and it is neither authorised nor regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). The Development Bank of Wales has three subsidiaries which are authorised and regulated by the FCA. Please note that neither the Development Bank of Wales Plc nor any of its subsidiaries are banking institutions or operate as such. This means that none of the group entities are able to accept deposits from the public. A complete legal structure chart for Development Bank of Wales Plc can be found at [www.developmentbank.wales](http://www.developmentbank.wales)

In addition, we are taking learnings from peer organisations such as the British Business Bank who extend their private sector leverage capturing to a specific period pre-investment, as well as for the lifetime that the investment is held (plus 2 additional years). Our current approach is to capture private sector leverage at the point of investment only (or within 2 years if it is an equity transaction). There is clear scope, therefore, for the Bank to further evolve its capturing of private sector impact to get a firmer understanding of its impact on the Welsh economy in a way that is aligned to other organisations. We hope to conclude this work by the end of this calendar year.

**Recommendation 8** – We have provided details of the due diligence process that we conduct, and we are confident both that this is in accordance with regulatory requirements and generally meets or exceeds the processes carried out by other lenders. However, we are also conscious of our responsibility as an impact investor in Wales, so we have developed a bespoke internet search process to be included in all investment decisions. We will provide more details to the committee in due course.

We note that in the Welsh Government response, they proposed to commission a Public Assessment Review on the Bank and would include our due diligence processes in that review.

**Recommendation 11** – As mentioned in the hearing, we conduct a net promoter score (“NPS”) assessment with all customers and have a substantial and statistically relevant response each year. Our NPS score for 2023-24 was 91 (up from 85 in the previous year – as quoted in the hearing). This is a very high score and compares favourably with the private sector. By way of comparison, Principality Building Society scores [83.9](#), Metro Bank [82](#), and Lloyds Bank [62](#).

We have also added a further function into our complaints process to allow customers to email our General Counsel directly. Our General Counsel is a senior solicitor and has absolute freedom to determine how best to handle any complaint or observations the office receives including, inter alia, providing the information to Welsh Government, to the Chair or to independent lawyers.

I should re-iterate that the quantum of complaints is small – 11 out of over 1,760 applications in (date) - but that each is taken extremely seriously and handled in person.

Yours sincerely,



**Giles Thorley**  
**Chief Executive**

**Development Bank of Wales Plc**

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# Agenda Item 7

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