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Priorities for the Economy, Trade and Rural Affairs Committee

Audit Wales response

Introduction

- 1 Given our remit, you will appreciate that it would not be appropriate for us to comment on relative priorities for the Committee. We have commented below, however, on some specific matters arising from our previous work and work in progress that are potentially relevant to the Committee's remit. We hope that this will prove valuable to the Committee as it shapes its work programme.

Town centre regeneration

- 2 On 2 September, we will publish a report on town centre regeneration. The Minister and Deputy Minister for Climate Change have highlighted this topic among their priorities in correspondence with the Climate Change, Environment and Infrastructure Committee. It may also be relevant to the Local Government and Housing Committee. During our work, we shared our findings with the Welsh Government and attended the previous Minister's Town Centre Action Group. Our report calls for brave decisions and ambitious leadership to address the challenges facing our town centres, making recommendations to local authorities and the Welsh Government.

Post EU transition developments

- 3 In November 2020, we produced an update letter on preparations for the end of Brexit transition that commented on some of the key risk areas arising from the Welsh Government's end of transition plan. Some of these covered areas that are not devolved or where action by Welsh public services is linked to UK-wide activities. In some instances, the issues were similar whether there was an agreement or not, in particular the requirement for checks at the ports and a new trading relationship for businesses. Our forthcoming Picture of Public Services report will note the Welsh Government's role in the Shared Prosperity Fund is not yet clear.
- 4 We are maintaining a watching brief in this area but do not yet have any immediate plans for further work. However, the Committee may have a wider interest in work that the National Audit Office (NAO) is progressing on 'supporting local economic recovery', which is considering how well UK government has learned and applied learning from previous local growth programmes as it takes forward various of its new initiatives. We have

discussed with NAO colleagues relevant learning from some of our previous audit work in Wales. We are also aware of the NAO's engagement with the Welsh Government to seek views as part of work it is completing to provide an update on management of the UK border and to report on progress with trade negotiations. We understand those reports are currently scheduled for publication before the end of 2021.

Rural development funds and farm support

- 5 The Committee may take an interest in the arrangements that will replace rural development funds and farm support, and the completion of the 2014-2020 rural development programme. The previous Public Accounts Committee touched on related matters as part of its consideration of rural development grants during 2020-21, following on from our June 2020 report.
- 6 The Auditor General undertakes an annual accounts audit of the European Agricultural Funds coming into Wales. The audit is undertaken at the request of the European Union in a consortium of UK auditors led by the NAO. Our work has covered:
 - The European Agricultural Fund for Rural Development (EAFRD), Pillar 2, providing funding for rural development and agri-environmental projects; and
 - The European Agricultural Guarantee Fund (EAGF), Pillar 1, providing funding for schemes designed to encourage production and provide guaranteed prices for specific products. The UK ceased claiming for this fund at the end of 2020, unlike the EAFRD which the UK will continue to claim from until the end of 2023.
- 7 The Auditor General for Wales previously issued a qualified 'Limitation of Scope for Legality and Regularity' opinion on the accounts of the Welsh European Agricultural Funds coming into Wales in 2018 and 2019. This was because the Welsh Government gave some European funding to organisations without evidence of a competitive application process. This did not comply with European funding rules. In February 2021, the Welsh Government confirmed to the Public Accounts Committee a disallowance of €3.4 million.

Issues in higher and further education

- 8 Over the next two months, we will publish a series of 'Picture of Public Services' outputs. These will include a short report considering issues in higher and further education. That report will highlight that it will now be crucial for universities to capitalise on alternative sources of funding for research as they look to replace EU funding for research and innovation. We will also highlight that the Welsh Government faces a challenge to replace EU funding for apprenticeships and other work-based learning, much of it delivered by further education colleges and an important part of their income.

COVID business support

- 9 During the autumn, we intend to progress some work looking at what has happened to date in respect of the Welsh Government's COVID business support. We currently anticipate that an area of focus for this work will be to consider the action that the Welsh Government is now taking in terms of 'post-payment assurance' and considering what has happened to businesses that have been supported by the Welsh Government. This work is likely to draw on emerging findings from data matching work that has been undertaken through the National Fraud Initiative. The overall planned timescale for this work is still to be confirmed.

Supporting social enterprise

- 10 We are just starting a study that will consider how local authorities are supporting the creation and development of social enterprises and may also touch on relevant Welsh Government support. Our review has its roots in a specific duty placed on local authorities under the Social Services and Well-being (Wales) Act 2014. However, we expect that it will also consider how social enterprise has been considered as part of wider strategic portfolios. This work is expected to continue through to autumn 2022.

Tackling poverty

- 11 Although likely to be of interest to the remit of other committees too, we are taking forward a review looking at the action local authorities are taking to tackle and alleviate poverty. This work is expected to continue through to summer 2022.