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Llywodraeth Cymru  
Welsh Government

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Paul Davies MS  
Chair  
Economy, Trade and Rural Affairs Committee  
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7 September 2022

Dear Paul,

We are writing to you in relation to the Economy, Trade and Rural Affairs Committee's report entitled Raising the Bar: Securing the Future of Hospitality, Tourism and Retail.

We would like to thank members of the Committee for their consideration of the topic and for the publication of the report.

Please find attached a written response from the Welsh Government to this report. This contains responses to each of the 18 recommendations that the Committee has made.

Yours sincerely,

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Minister for Economy

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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.

## Welsh Government response to report of the Economy, Trade & Rural Affairs Committee

### 'Raising the Bar: Securing the future of Hospitality, Tourism and Retail'

#### Recommendation 1

Welsh Ministers should set out in detail what changes to non-domestic rates are being considered to provide the "supportive environment" for the retail sector in Wales that the Retail Forum called for in its March 2022 position statement.

#### Response: Accept in principle

The Welsh Government is providing £116m of targeted non-domestic rates support to businesses in the retail, leisure and hospitality sectors for the duration of 2022-23. This support is in addition to our existing £240 million package of permanent rates reliefs which the retail sector also benefits from. This builds on the support provided from the outset of the pandemic which gave 100% relief to most retailers for 2020-21 and 2021-22. Throughout the pandemic, our rates relief packages have focused on those sectors hardest hit, protecting jobs and businesses across Wales.

In 2021-22, the decision was taken to freeze the non-domestic rates multiplier. This was to prevent increases in rates bills for ratepayers and provide continued support to businesses during these challenging times. For 2022-23, the Welsh Government maintained this approach, recognising the prolonged impact of the coronavirus pandemic on businesses and other organisations.

On 29 March, the Welsh Government set out a programme of non-domestic rates reform to be delivered over the next four years. Our Programme for Government sets out the Welsh Government's ambition for a fairer, greener and stronger Wales. These principles form the basis for any potential changes to the non-domestic rates system. We have listened to calls from stakeholders for more frequent revaluations, ensuring the tax-base reflects the economic conditions and environment in which businesses are operating. We aim to bring forward legislation to move towards a three-yearly revaluation cycle, in line with other parts of the UK, and are exploring options for shorter revaluation cycles. This includes exploring the potential for reducing the gap between the valuation date and a new rating list coming into effect.

We will also undertake a review of our rates relief schemes. Rates relief has played a crucial role in supporting businesses and other organisations throughout the pandemic and the overall level of relief provided to ratepayers has grown significantly in recent years. But it is time to step back and review all our current schemes to ensure they are fit for purpose and delivering support in the most effective way. Our review will consider the range of reliefs, the level of support, how reliefs are targeted and how long they last. We will continue to consider the burden of non-domestic rates on specific sectors and its interaction with other taxes.

#### Financial implications

Costs are affordable within the current budget.

## Recommendation 2

The Welsh Government should take the disproportionate impact of the pandemic and cost of living pressures on the hospitality, tourism and retail sectors into account with regard to the non-domestic rates re-valuation to take effect in April 2023.

### Response: Accept in principle

The next non-domestic rates revaluation in Wales will take effect on 1 April 2023 and will be based on property values as at 1 April 2021. We moved the revaluation date to 2023 as a result of the pandemic: this means that the rateable values on which rates bills are based will better reflect the impact of Covid-19. Rateable value changes as a result of the April 2023 revaluation are not yet known.

The revaluation of non-domestic hereditaments is carried out independently from the Welsh Government by the Valuation Office Agency (VOA). The VOA will publish a new draft rating list by the end of this year. Following the 2023 non-domestic rates revaluation, the Welsh Government will review the impact on the tax-base and consider whether transitional support is appropriate going forward.

### Financial implications

Costs are affordable within the current budget.

## Recommendation 3

The Minister for Economy should continue the dialogue with HM Treasury on possible future changes to the level of VAT to support the fragile recovery in the hospitality, tourism and retail sectors, particularly in light of growing cost of living pressures on businesses in those sectors.

### Response: Accept in principle

The Welsh Government continues to engage with the UK Government in relation to the cost-of-living crisis. The Minister for Finance and Local Government (MFLG) highlighted that further action is needed to address significant gaps in support for businesses at a meeting of UK Finance Ministers on 15 June and reiterated these points at the UK Inter-Ministerial Standing Committee on 29 June. As a result of these representations, it was agreed UK and devolved government officials should work together over the summer to discuss how the UK Government can use the range of levers at its disposal to provide wider support to businesses, including the hospitality, tourism and retail sectors.

The MFLG has also [written](#) jointly with the Scottish and Northern Irish Finance Ministers to the Chancellor of the Exchequer on 15 July to set out some of the key areas which require attention as part of the preparations for the forthcoming UK Budget, including support for business.

Amongst the points made in the letter, it was noted the cost-of-living crisis is not evenly distributed, and the focus should be on providing targeted support to those most adversely impacted, rather than reducing broad-based taxes. The letter also

made clear that any tax cuts should not result in tighter controls on spending which will impact on delivery of public services which are already facing immense pressures.

### **Financial implications**

There are no financial implications for Welsh Government.

### **Recommendation 4**

The Minister for Economy should set out whether hospitality, tourism and retail businesses can be given additional flexibility in repaying loans to Welsh Government or the Development Bank of Wales in light of the continuing financial pressures faced by these sectors of the Welsh economy.

### **Response: Accept**

The Development Bank of Wales is a cornerstone organisation for investment and business support. Given its increased scale and breadth of expertise it is well placed to meet the challenges and opportunities we will inevitably face. The current market outlook is extremely challenging and the Development Bank has recognised that market failure is likely to grow, and with it demand for finance offered by the Bank. All customers of the Development Bank benefit from a named portfolio executive who they can contact to discuss their needs and the Development Bank will continue to work with businesses to find solutions when difficulties arise. Each business is unique and the Development Bank will use its discretion and the considerable flexibility it has in place as it is responsive to the needs of businesses most affected by continuing financial pressures. Options the Bank may explore with businesses include debt repayment holidays or the reprofiling of debts to bring down monthly costs.

### **Financial implications**

There are no immediate financial implications for Welsh Government.

### **Recommendation 5**

The Minister for Economy should consider what additional support for capital investment can be provided to the hospitality, tourism and retail sectors.

### **Response: Accept**

Visit Wales provides capital investment support to businesses operating within the tourism and hospitality sectors primarily through three investment channels: the £50m Wales Tourism Investment Fund; the £2.5m annual Strategic Capital Investment Fund; and the £2.5m annual Brilliant Basics programme.

The £50m Wales Tourism Investment Fund, delivered through the Development Bank for Wales, provides investment support that combines loans with grant and can offer repayment terms of up to fifteen years which is essential to support long term

investment plans within the sector as this enables businesses, for example that are affected by seasonality issues, to reduce monthly repayments.

The £2.5m Strategic Capital Investment Fund provides grant funding and is aimed at supporting key strategic investments in projects that would otherwise not proceed without this support.

Brilliant Basics is a £2.5m capital fund to deliver basic small-scale tourism infrastructure improvements across all of Wales to ensure that all visitors have a positive and memorable experience throughout all aspects of their stay.

Transforming Towns is a coordinated package of support, which provides the Welsh Government's core regeneration investment in town centres. It focuses exclusively on the sustainable growth of towns by supporting developments which are part of wider place-making plans for each town.

Since March 2020, £136m has been provided to local authorities throughout Wales with an additional £100m committed for 2022-2025, for the revitalisation and the sustainable growth of our towns through: reuse of derelict buildings; increasing the diversity of services in towns; creation of green space and improved access. Transforming Towns continues to invest in transformative town centre capital projects, which can directly and indirectly support the hospitality, tourism and retail sectors.

These funds are felt to be appropriate in terms of scale at this time based on demand levels although the situation is constantly reviewed as part of in-year capital budget monitoring and the annual budget-setting process.

### **Financial implications**

There are no immediate financial implications for Welsh Government although the situation is constantly reviewed as part of in-year capital budget monitoring and the annual budget-setting process.

### **Recommendation 6**

Following publication of a long-awaited strategic vision for the retail sector, the Welsh Government should keep the Committee updated on the timescale for the associated delivery plan to support the sector; how activities will be resourced to meet needs identified by the Retail Forum; and the extent to which these will be met from existing or new funding. The Committee should then receive a further report on progress with that detailed retail delivery plan six months following its publication.

### **Response: Accept**

Now that we have published the strategic vision for retail, we are working with the Retail Forum to identify the specific actions and interventions that will inform the development of the action plan. We expect to publish the action plan in the autumn

and that it will contain actions for the sector to own and deliver as well as actions for Government. We will keep Committee updated on progress.

## Financial implications

Any financial implications would need to be met from existing budgets.

## Recommendation 7

The Welsh Government should provide the Committee with a detailed breakdown of 2022-23 budget allocations to support tourism.

## Response: Accept

This Business Plan for 2022-23 proposes a balance between capital (£5m) and revenue (£11.962m) expenditure to directly support businesses through the important recovery phase ahead and future-proof the sector, as well as important short to medium-term behavioural-led communication to keep communities safe, and marketing planning activity to provide a solid foundation for future, more sustained marketing campaigns to drive demand in the typically quieter shoulder seasons.

The tourism development capital programme is aimed at developing and supporting important programmes and projects that will encourage more visitors to come to Wales and to enhance the visitor experience within Wales.

Capital programme	Funding
Strategic Capital Investment Fund	£2.5m
Brilliant Basics	£2.5m
<b>Total</b>	<b>£5m</b>

Revenue programme	Funding
<b>Marketing</b>	
Visit Wales Marketing	£4.753m
Cymru Wales Brand Partnerships & Platforms	£3.325m
Business Marketing	£2.014m
Programme staff costs	£0.72m
<b>Tourism development</b>	
Data and insights	£0.4m
Resource Efficiency Campaign	£0.2m
Regional development & product development	£0.3m
Statutory Licensing scheme development	£0.1m
Skills development	£0.06m
Quality Assurance / Grading	£0.04m
Sector engagement	£0.05m
<b>Total</b>	<b>£11.962m</b>

Other areas within the Welsh Government also support tourism For example, skills shortages are a key issue for the industry and we encourage and signpost

businesses to information and support to help train and develop staff, including highlighting the benefits of schemes such as Apprenticeships and the Flexible Skills Programme. We are creating 125,000 apprenticeships over this Senedd term and investing £366m over the next three year in the apprenticeship programme. Many of these apprenticeships will be in the retail, leisure and hospitality sectors.

Visit Wales also works closely with business support and regional colleagues to understand the connections between tourism development and regional investment at a destination level. On a scheme level there can also be common links between funds such as, ensuring small scale tourism infrastructure funds (e.g. 'Brilliant Basics') complement other regional & regeneration style investments, such as the 'Transforming Towns' initiative delivered by the Business & Regions team. By working collaboratively, and understanding investment, from both a regional and sectoral level, we can better understand what businesses need in order to grow.

A range of other policy and spend areas also provide support for the Tourism, Hospitality and Retail sectors, for example Apprenticeships, Further Education and Higher Education support from the Higher Education and Lifelong Learning Division, along with support and advice for businesses from Business Wales. We continue to work collaboratively across the organisation to ensure the sector is signposted to all the support available and is able to access any appropriate funding streams.

### **Financial implications**

None.

## Recommendation 8

The Welsh Government should outline in detail their reasoning for the increase in the number of days per annum that a self-catering property must be available to let to 252, and days actually let to 182, as set out in The Non-Domestic Rating (Amendment of Definition of Domestic Property) Order 2022.

### Response: Accept

Currently, properties that are available to let for at least 140 days and actually let for at least 70 days, within a 12-month period, may be liable for non-domestic rates rather than council tax. These thresholds will increase from 1 April 2023 to being available to let for at least 252 days and actually let for at least 182 days. Increasing the letting thresholds will provide a clearer demonstration that the properties concerned are being let regularly as part of genuine holiday accommodation businesses and are making a substantial contribution to the local economy.

The change in the criteria is intended to incentivise the increased use of properties and to help bring empty and underused properties back into use. If a property is used mainly as a second home, it will be liable for council tax. The Welsh Government has taken a policy view that self-catering properties should be classed as non-domestic only if they are being used for business purposes for the majority of the year. This way, they can make a substantial contribution to their local economy and to the vibrancy of their community.

The occupancy challenge should be considered in the context of the wider package of measures which form our three-pronged approach to tackling the impact of second homes and holiday lets on communities in parts of Wales. Where second home owners operate on an occasional and casual basis within the self-catering sector, they enter into direct competition with these same genuine businesses. Owners of second homes and self-catering accommodation might adopt a number of possible behavioural changes in response to these changes. It will be for individual owners to consider the approach to take.

The Welsh Government recognises that some self-catering properties are restricted by planning conditions preventing permanent occupation as someone's main residence. Separate regulations specify classes of properties which cannot be charged a council tax premium. Such properties are liable for council tax at the standard rate only. In light of the changes to the self-catering thresholds, we are exploring whether the regulations need to be amended to limit the council tax liability for certain self-catering properties which are subject to planning restrictions. We want to emphasise that any changes would be to limit council tax liability for certain properties, not to increase it.

More detail is available in the Explanatory Memorandum which accompanied the Order: [SL\(6\)203 - The Non-Domestic Rating \(Amendment of Definition of Domestic Property\) \(Wales\) Order 2022 \(senedd.wales\)](#)

### Financial implications

None.

## **Recommendation 9**

The Welsh Government should set out the evidence base it considered in deciding to pursue the introduction of a local tourism levy at this time.

### **Response: Accept**

Discussions regarding a visitor levy stem back to the Independent Commission on Funding & Finance for Wales (Holtham Commission) established in 2008 to review the then Welsh Assembly's funding and to consider further devolution of fiscal powers. The Commission assessed the case for increasing Wales' taxation and borrowing powers. One of the taxes considered by the Commission was a tourism tax. The Commission report identifies the tax as one of many taxes that could be taken forward in Wales, noting that it would be an opportunity to off-set the public costs associated with tourism.

Other taxes identified by the Holtham Commission have since been taken forward. The Wales Act 2014 and 2017 provided Wales with taxation powers which have resulted in the creation of the land transaction tax and landfill disposal tax and the partial devolution of income tax. Conversations regarding a visitor levy resumed in 2017 with a public call for ideas for new Welsh taxes which received a strong response. A visitor levy was shortlisted as a tax to take forward from this list of ideas generated by the Welsh public and there was a subsequent debate in the Senedd to explore the idea further. Visitor levies are routinely used across the world to positive effects for local communities, businesses, and visitors. They provide an additional revenue stream, for those areas which use them, which are then invested back into local areas.

Work to introduce a discretionary visitor levy for local authorities has been taken forward through a Programme for Government commitment following the formation of the new Welsh Government in 2021. The Welsh Government and Plaid Cymru entered into a co-operation agreement to introduce defined policy commitments aligned to common interests. The visitor levy work is being progressed through this agreement.

The evidence base is continually developing, and additional research outputs and evidence will be provided for the Committee at appropriate junctures.

Any proposals for a levy taken forward would take years to develop and implement and would ultimately be subject to scrutiny and approval by the Senedd. All views will be considered through the consultation process.

### **Financial implications**

None

## **Recommendation 10**

The Welsh Government should share the outputs of the three tourism levy research projects with the Committee at the earliest opportunity.

## **Response: Accept**

Two pieces of research have been commissioned by Welsh Government to develop the evidence base for introduction of any visitor levy.

Firstly, Research on Elasticities Relevant to a Tourism Levy in Wales. This project will systematically review and assess the evidence on the responses of visitors and suppliers to the operation of tourism levies in other countries. The project will provide an understanding of the potential economic impacts of the visitor levy in Wales, support the modelling of potential revenue and contribute to the Integrated Impact Assessment for the tourism levy.

Secondly, An Overview of the Tax Systems facing the Visitor Economy in Selected Countries. This project will provide an overview of the different tax systems facing the visitor economy in general, and the accommodation sector specifically in countries with similar economic and tourism characteristics to Wales. The project will inform the design of the visitor levy by placing the visitor levy within the wider taxation context across comparative destinations and contribute to the Integrated Impact Assessment for the visitor levy.

The third piece of analysis commissioned from the ONS is to establish a baseline of births and deaths of visitor accommodation providers across Wales to support any evaluation of the introduction of a visitor levy in the future.

The research reports commissioned will be published in full and are being undertaken according to Government Social Research standards. We are happy to share these outputs with the Committee as recommended.

## **Financial implications**

None

## **Recommendation 11**

The Welsh Government should set out in detail the intended approach to consulting on the draft legislation for a proposed local tourism levy.
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## **Response: Accept in principle**

A full consultation is set to launch in September 2022 on policy proposals for a visitor levy. We intend to host a series of stakeholder events across Wales to enable a wide range of voices to be heard through the consultation. The consultation will be promoted using existing distribution and communication networks to encourage participation and responses. We also intend to host some virtual sessions through which interested parties can attend and provide feedback.

Next steps will be communicated following the analysis of the outputs from this consultation and we will be pleased to update the Committee in more detail at that time.

## Financial implications

None

## Recommendation 12

The Welsh Government should set out how the challenges facing the hospitality, tourism and retail sectors are being factored into the development of its policy approach and interventions regarding second homes and a local tourism levy. The Committee would welcome an update on the findings of the Dwyfor pilot scheme, and for Welsh Government to explain its intentions for next steps; timescales for future policy changes; and approach to assessing the economic impacts on those sectors.

### Response: Accept

Every policy intervention will be supported by a detailed impact assessment which includes consideration of impacts on the hospitality, tourism and retail sectors. This work is iterative as policy development progresses. We draw on a wide range of data sources and evidence through our impact assessment work and commission independent research where pertinent to support this process.

A partial regulatory impact assessment will be published alongside the visitor levy consultation in September. This sets out the potential costs, benefits and disbenefits of a range of policy options to support individuals and groups in their response to the consultation. The impact assessment is partial in nature as it is based on a range of options for consultation. A full impact assessment would be developed alongside any final policy choices. We intend to commission further research exploring potential economic impacts of a visitor in more detail as we reach a finalised policy. As we are proposing visitor levy powers would be discretionary for local authorities, we anticipate that local impact assessments would support local decision making.

We would be happy to update the Committee on the pilot in Dwyfor, which will test a number of interventions aimed at managing future numbers of second homes and short-term holiday lets and testing the impact of that on enhanced affordability for people to live affordably in their home communities (whether by buying or renting homes).

Independent evaluation of the pilot is being commissioned. However, the quality and availability of data to monitor impacts continues to be explored and the evaluation needs to be able to draw on appropriate high quality data sources. Where feasible, this will include impacts on the visitor economy and further exploratory work will be undertaken in that regard.

Our changes to local taxes for second homes and self-catering accommodation will ensure that properties used as holiday accommodation make a substantial contribution to the local economy. The changes are intended to incentivise the increased use of properties and to help bring empty and underused properties back into use. The Welsh Government has taken a policy view that self-catering properties should be classed as non-domestic only if they are being used for business purposes for the majority of the year. This way, they can make a substantial contribution to their local economy and to the vibrancy of their community. If a property is mainly

used as a second home, it will make a contribution through council tax. The challenge for genuine self-catering businesses to meet the increased occupancy criteria should be considered in the context of the wider package of measures which form our three-pronged approach to tackling the impact of second homes and holiday lets on communities in parts of Wales. Where second homeowners operate on an occasional and casual basis within the self-catering sector, they enter into direct competition with these same genuine businesses.

### **Financial implications**

Regarding second homes and Dwyfor pilot, the recommendation has no additional financial implications beyond what is already in progress.

### **Recommendation 13**

The Welsh Government should set out more detail of where it sees scope, within its planned expansion of the apprenticeships programme, for higher-level career pathways in tourism and hospitality, including for degree apprenticeships.
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### **Response: Accepted in principle**

To grow our economy and quality jobs, we are creating 125,000 apprenticeships over this Senedd term and investing £366m over the next three years in the apprenticeship programme. Success is not solely defined in terms of increased numbers - we are committed to making further improvements to our programme. We will continue to prioritise the expansion of higher apprenticeships in STEM subjects to create a new generation of professionals to drive innovative practices and boost productivity levels.

We will balance this approach with a focus on the foundational economy, on areas such as: construction, hospitality, childcare, culture and tourism and health and social care. Such an approach will help reform skills in the Welsh public sector, helping us build a united, connected and more sustainable Wales. As such, we will respond to skills shortages and gaps in priority sectors critical to drive productivity and economic growth, supporting our net zero ambitions, the foundation economy and public services.

We review the content of apprenticeship frameworks on a regular basis to ensure relevance to employers and learners alike. Hospitality frameworks were reviewed in 2021-22, including the higher apprenticeships in Professional Cuisine and Hospitality Management. Travel Services frameworks will be reviewed in 2022-23. There is no current higher apprenticeship in Travel & Tourism; the Travel Services steering group will examine the need for a level 4 pathway although there are no level 4 designated (publicly funded) qualifications currently in the area.

We have been working with the HEFCW, the higher education sector and other partners to determine priorities for expansion. We continue to work with the Higher Education Funding Council for Wales, Regional Skills Partnerships and other stakeholders to determine how best to maximise the return on our investments.

### **Financial implications**

None

#### **Recommendation 14**

The Welsh Government should provide further information on the Membership of the Visitor Economy Forum, including how it is directly involving smaller owner operators, and set out the extent to which progressing fair work outcomes forms part of its terms of reference.

#### **Response: Accept**

The Visitor Economy Forum has representatives from the following; British Beer and Pub Association, Events Sector, GMB, Night Time Economy, Stadia Group- Cardiff City, TIC- Wales representative, TUC, Unite, UK Hospitality, Wales Tourism Alliance, Weddings Group, Welsh Independent Restaurant Collective, WLGA, Visit Britain- Wales representative, South West Regional Tourism Forum, South East Regional Tourism Forum, Mid Wales Regional Tourism Forum, North Wales Regional Tourism Forum. Many of the representatives are owner operators within the sectors that they represent.

The Terms of Reference of the Forum includes the objective to consider innovative approaches to support the visitor economy sector, including in relation to workforce recruitment, training and development, and ensure these are consistent with fair work.

#### **Financial implications**

None

#### **Recommendation 15**

The Welsh Government should ensure that its engagement with partners in the Visitor Economy Forum is as good as that of the Retail Forum, building on best practice and lessons learnt from that experience of social partnership.

#### **Response: Accept**

The approach taken for the Visitor Economy Forum is consistent with the social partnership approach of government, employers and trade unions working together in a spirit of co-operation and collaboration, to fulfil shared ambitions and address common concerns.

The objectives of the Forum include encouraging partnership and collaboration between all sectors of the visitor economy at a local, regional and national level in support of the delivery of the national strategy 'Welcome to Wales: priorities for the visitor economy 2020-25'.

The Forum will work in social partnership to identify, promote and diffuse approaches to improve the experience of work in the visitor economy, so that fair work is normalised across the sector and career paths with pay progression are developed.

### **Financial implications**

None

### **Recommendation 16**

Given the concerns raised by business representatives and trade unions on lack of understanding of the Economic Contract, the Welsh Government should review its approach to explaining and promoting the contract and set out how it plans to improve communication as part of its work to strengthen the contract.

### **Response: Accept**

We continue to engage widely on the work to revise and refresh the Economic Contract, including with employer and trade union social partners, and recognise that there is more to do to explain and promote the contract. We are developing a standards framework to set clear expectations and a narrative to promote better business practice across the contracts four interrelated pillars.

### **Financial implications**

None

### **Recommendation 17**

While recognising that the Economic Contract is not a compliance tool, the Committee recommends that the Welsh Government provides an update on its work with social partners to develop mechanisms to review sample contracts and sets out any further plans it has to strengthen monitoring and enforcement as part of its work on strengthening the contract.

### **Response: Accept in principle**

While the Economic Contract is not a compliance tool, we are committed to strengthening the contract to make it a more powerful in encouraging better business practices. This is why in Phase 1 of the refresh we strengthened the structure of the contract, introducing forward-looking pledges to drive improvement to a business's future practice and a date by which progress against these pledges must be reviewed.

We are currently reviewing structures to monitor and promote internally the consistency with business in the development and monitoring of our Economic Contracts. As a priority for the medium term, we are committed to working with social partners to put in place processes to facilitate their involvement in reviewing sample

contracts. We will continue to monitor the implementation of the refreshed contract to look for opportunities to further strengthen and embed its use.

### **Financial implications**

None

### **Recommendation 18**

The Welsh Government should set out how it will use the fair work levers at its disposal to address the issues raised in the Committee's report on barriers to fair work in the hospitality, tourism and retail sectors: including protecting and improving workers' pay and conditions in light of growing cost of living pressures on workers and employers; improving worker voice; and using conditions in grant funding to businesses to leverage fair work improvements.

### **Response: Accept in principle**

Hospitality, tourism and retail are not just overwhelmingly in the private sector, but they are also characterised by the presence of thousands of individual employers. We are not going to reach them all with the levers we have, and the UK Government must use its powers in relation to employment rights and industrial relations to enhance workers' rights and strengthen the enforcement of those rights. We actively encourage employers and trade unions to work in social partnership to improve working conditions.

We will use the Retail Forum and Visitor Economy Forum to facilitate those social partnership conversations and build appreciation of the interplay between the recruitment and retention challenges across these sectors and the working conditions they provide. We will also continue to be clear on what we value, are prepared to stand by, and reward in our relationships and support to businesses in these sectors.

### **Financial implications**

Any financial implications would need to be met from existing budgets.