

# What's next?

## Key issues for the Sixth Senedd

May 2021



The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people. Commonly known as the Senedd, it makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

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# Welcome to the Sixth Senedd and to this specially prepared publication from the Senedd Research team

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We publish this document at an extraordinary moment in time. We are in the midst of a global pandemic, in a shifting constitutional landscape with the UK no longer a member of the EU, and with the UN Climate Change Conference (COP26) in November refocusing attention on tackling the threat of climate change.

In many ways, this Senedd is at the beginning of a road taking us into uncharted territory, with everyone asking the same question: what's next?

Members of the Sixth Senedd will have to make some huge decisions about the future of Wales, from dealing with hospital waiting lists to air quality, post pandemic economic recovery to education reform. Themes like digital transformation, inequality, constitutional change and public finances will likely influence decision-making too.

Access to independent research and analysis to inform these decisions is more important than ever, especially in a world where information is readily available but also increasingly contested.

Senedd Research is an impartial research and information service. Our work is designed to help all Members of the Senedd and their staff scrutinise legislation, hold the government to account and support constituents. We do this through a confidential enquiry service open to all Members, and in our support for Senedd committees. We also publish a wide range of impartial and accessible research articles aimed at Members and their staff, which are available for everyone to read on our website.

Our researchers are policy experts who have a wealth of knowledge and experience. The team also supports the exchange of knowledge and expertise between external researchers and the Senedd, working with academics and institutions from Wales and beyond.

This publication is a great starting point for everyone interested in getting to grips with the challenging social, economic and public policy issues of the day. You can keep up to date with our published work by following us on Twitter @SeneddResearch and by visiting the website [research.senedd.wales](http://research.senedd.wales)

And to our new and returning Members – we look forward to working with you in the Sixth Senedd.



Kathryn Potter  
Head of Senedd Research

# Cross-cutting issues

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- The COVID-19 pandemic: where are we?
- Is this the Brexit season finale?
- Are we at a tipping point of inequality?
- The digital uprising
- How can Wales get the media it needs?



## PRODUCTION

Operation mode Administration

- Dashboard
- Monitoring
- Problems
- Group and tag
- Tactical views
- System
- Configuration
- External

**01 STATUS**

Home / Dashboard

### WORK MANAGER

#### DAILY TARGET



**02 DIAGRAM**

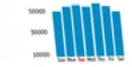
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**03 SETUP**

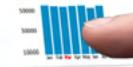
View data

Automatic mode

#### WEEKLY TARGET



#### MONTHLY TARGET



#### MACHINE PRODUCTION



#### TEMPERATURE CHART



## The COVID-19 pandemic: where are we?

Over the past year we have learned more about the virus, how it spreads, what treatments are effective, and developed vaccines. But where are we on the journey of the pandemic? And what might be around the corner for the new Senedd and Welsh Government?

### **Lucy Morgan**

For more than a year the world has been gripped by the COVID-19 pandemic. It is one of the biggest public health challenges of our time, and the wider social and economic impact is exceptional.

On 11 March 2020 the **World Health Organisation** (WHO) first described COVID-19 as a pandemic. Less than two weeks later everyone in the UK was told to stay at home to protect the NHS and save lives. While restrictions were eased over the summer, cases began to rise again in the winter months and the stay at home rules came back into force.

The four governments of the UK introduced a range of measures to tackle the virus and, while broadly following the same strategy, they have often taken different steps at different times.

### The current state of the pandemic

The pandemic changed our lives in ways that would have been unimaginable at the start of 2020. Our freedoms, life plans, and opportunities have been restricted for long periods of time, some of which will have far-reaching consequences.

The restrictions have largely been underpinned by **laws**, which are reviewed every three weeks, alongside detailed guidance.

The previous Welsh Government set out a **coronavirus control plan**, which consisted of four alert levels. The plan was **updated** in March in light of the more transmissible Kent variant of the virus and the impact of the vaccine rollout.

Over the last few months Wales has slowly moved from the highest alert level 4 and into **alert level 3**. The then First Minister, Mark Drakeford, set out a more detailed **timeline of how restrictions will be eased** through to the middle of May.

The **rollout of COVID-19 vaccines** started in December. Since then (at the time of writing) **more than** 1.6 million people have received a first dose of a vaccine (which is 51% of the Welsh population), and more than 550,000 have received both doses (17% of the population). The previous Welsh Government aimed to offer a vaccine to all adults by the end of July.

## The immediate challenges

There are a number of immediate challenges facing the new Senedd and Welsh Government due to the pandemic.

### The vaccine programme

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The four UK governments have been in a cycle of imposing and easing restrictions for over a year. The vaccines are hailed as an end to these lockdowns, but will this actually be the case?

While the vaccination programme is progressing at speed, there are still some issues.

So far, **vaccine uptake** has been lower than average among some ethnic groups and in deprived areas, following patterns seen in previous vaccination programmes. **Public Health Wales has raised concerns** about the “significant inequalities in coverage of COVID-19 vaccine”. The biggest cause for alarm is that the same groups with lower levels of uptake of the vaccine are also the ones who are at a higher risk of death from COVID-19.

A **resurgence of the virus is likely** because many people are not protected from COVID-19, either because they haven't been vaccinated or because the vaccine won't prevent all infection or illness. This means that communities where uptake is lower will be particularly at risk from an increase in the transmission of COVID-19.

The **Pfizer and AstraZeneca vaccines** are showing early signs of reducing the risk of hospitalisation. AstraZeneca are also **reporting** that its vaccine has the potential to reduce asymptomatic transmission of the virus by 67%.

But **new variants of COVID-19** are emerging and **one of the biggest risks** is that “they may be more transmissible or they may bypass the vaccines”. The UK Government’s Scientific Advisory Group for Emergencies (SAGE) **warns** of the threat posed by new variants to the UK even if a high proportion of the population were vaccinated.

It’s hoped that the vaccines can be tweaked to tackle a variant, with the possibility of a **booster jab** being provided later in the year if necessary. But the problems with vaccine uptake among certain communities will be harder to solve.

And what role could ‘vaccine passports’ play in the coming months as the economy and society open up? There are ethical, privacy, and legal issues as well as human rights concerns that will need to be considered alongside any such policy.

### Keeping the virus under control

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At the beginning of 2021 a number of scenarios were **modelled**, with all outcomes resulting in a third wave of the pandemic.

Imperial College London **stated** that “due to eligibility and vaccine hesitancy, vaccination alone will not be sufficient to keep the epidemic under control”, and advised that restrictions should be lifted slowly, with some remaining in place throughout 2021.

SAGE **advises** that it’s easier to maintain control of the epidemic when levels of prevalence are low because “it provides more time to respond to increases before healthcare systems are overwhelmed [and] allows test, trace and isolate systems to operate more effectively”.

Wales’ **Test, Trace, Protect** (TTP) system will continue to play a crucial role in maintaining control of the virus to identify who has COVID-19 and their recent contacts and requiring them to self-isolate to stop transmission. Testing and subsequent genomics also help identify new variants and their characteristics.

**England** and **Scotland** published timelines for easing restrictions early in 2021. A key issue for the new Welsh Government will be balancing the scientific advice for a slow and cautious reopening against various social, economic, and political pressures.

## The long term issues and recovery

Attention will soon turn to the longer term handling of the pandemic and managing its impact.

Some argue for a 'zero COVID' or elimination approach to **break the cycle of lockdowns**, similar to New Zealand. But **not all** believe it's possible to achieve given that countries will have to open up their borders at some point. Others **advocate** 'herd immunity' due to the harms caused by lockdowns, yet the threshold to achieve this is **currently unknown** and likely to be very high.

The pandemic accelerated innovation in digital technology and reshaped how we work and learn. But the backlog in the NHS is now the worst on record and there are concerns about the effect of delayed treatments on patients' wellbeing.

Many children have experienced a year of disrupted learning with the gap in educational attainment growing. Some people have been disproportionately affected by the pandemic with existing inequalities being exacerbated. Meanwhile the response of the four UK governments in controlling the virus has thrown light on devolution across the UK with the differing rules between nations.

Although we're starting a new Senedd, the virus is still with us and presenting the same challenges as we've faced in the past year, along with some new ones. But there's an opportunity to look to the future and to shape a post-pandemic Wales.

## Key sources

- Welsh Government, **Coronavirus control plan: revised alert levels in Wales** (March 2021)
- Welsh Government, **COVID-19 vaccination strategy update** (March 2021)
- UK Government, **Scientific evidence considered by the Scientific Advisory Group for Emergencies** (SAGE)
- Welsh Government, **Scientific advice from the Technical Advisory Cell** (TAC)
- Public Health Wales, **Coronavirus data dashboard**

## Is this the Brexit season finale?

For many, the announcement of a deal between the UK and EU on Christmas Eve 2020 marked the end of the long-running Brexit negotiation drama. In reality, the agreement forms the bare outline of the future relationship plot. The twists and turns of what the relationship means in practice will be a key part of the Sixth Senedd's story.

### ***Nia Moss, Sara Moran, Rhun Davies and Joe Wilkes***

At first glance, the UK-EU Trade and Cooperation Agreement (TCA) is a free trade deal like any other. Yet it's much more than that. It covers many areas not usually found in trade agreements such as health and social security. Its terms are lengthy, intertwined and complex. The majority of its provisions affect areas within the Senedd's responsibility, from fisheries arrangements to healthcare insurance.

Many of the details about how the TCA will work in practice are not yet clear. Welsh businesses and citizens still face uncertainty about what it means for them.

The Sixth Senedd may find that the drama is far from over.

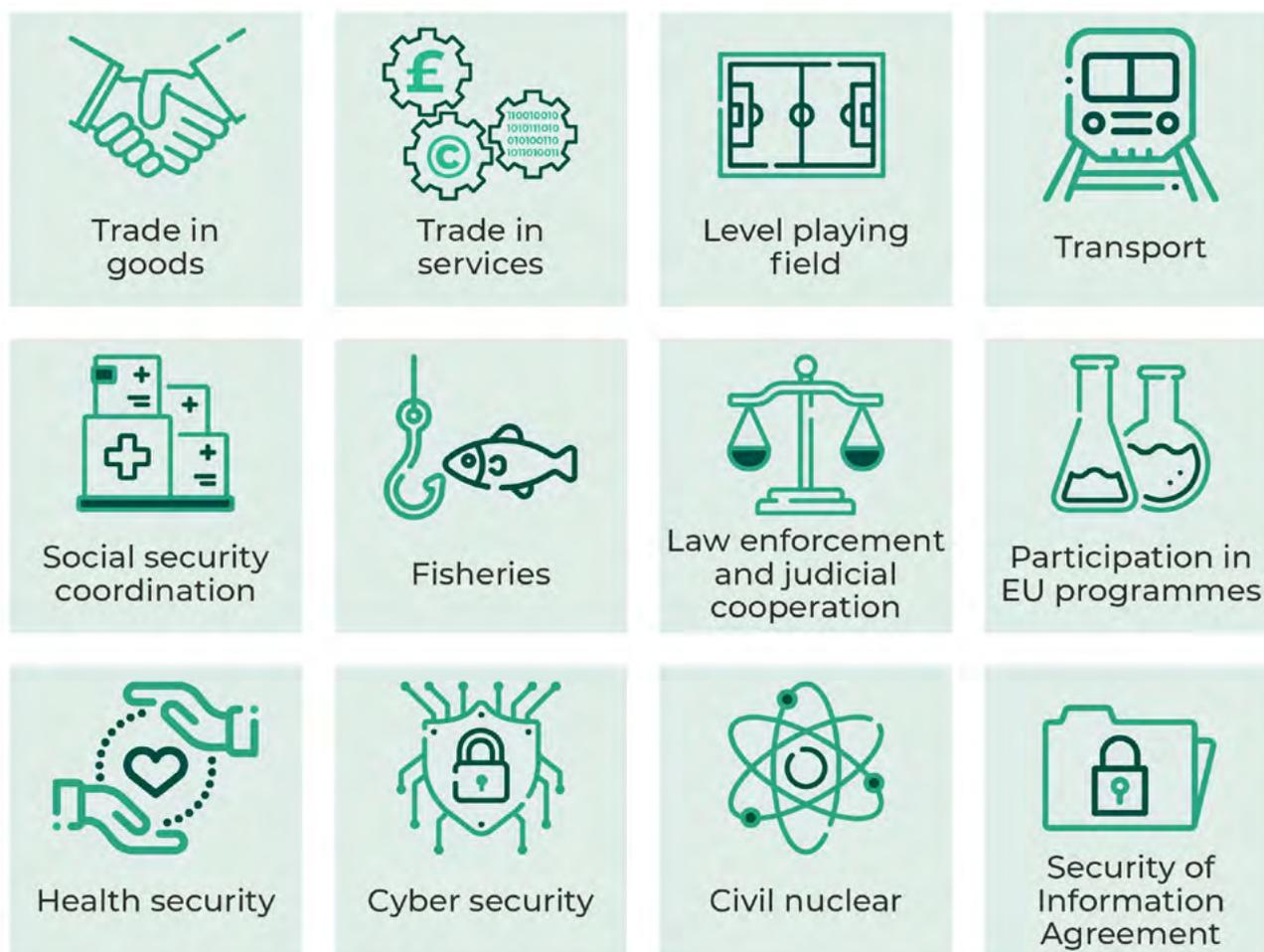
## What's been agreed and what does it mean for Wales?

The **TCA** lays the foundation for the UK and EU's new relationship. It follows the **Withdrawal Agreement**, which set the terms of the UK's separation from the EU.

The TCA is unprecedented because it resets the relationship between the UK and EU, in a way which puts them farther apart, rather than bringing them closer together.

Even though it covers many areas of UK-EU cooperation, some important arrangements are not yet finalised.

## Areas covered by the new UK-EU relationship



Source: [UK-EU Trade and Cooperation Agreement](#)

The TCA will shape many parts of life in Wales, such as business and trade environment, fisheries, health and travel.

### Business and trade

The way the UK trades with the EU has fundamentally changed. In the TCA, the UK and EU agreed that there are no tariffs or quotas on trade in goods, provided **rules of origin** are met. However, there are new **non-tariff barriers** which have resulted in increased costs for businesses. Some sectors, **such as some shellfish producers**, have also been unable to sell their produce to the EU due to its rules on trade with third countries.

The EU introduced full border controls on goods from Great Britain on 1 January, while the UK will phase-in its border controls in stages until March 2022. New border infrastructure will need to be built in Wales, and the new Welsh

Government will have some responsibilities in relation to border processes, such as checks on animals.

The **previous Welsh Government said** that “the precise impact of the TCA will take time to become clear in many areas”. The Sixth Senedd will need to monitor its impact on Welsh businesses trading with the EU, as well as scrutinising how the new Welsh Government implements its responsibilities.

## Environment and fisheries

Environmental cooperation is folded into the TCA in a number of ways. On one hand, it makes up part of the so-called ‘level playing field’ to ensure fair competition between the UK and EU so that standards can’t be reduced without consequence. On the other, the entire partnership is based on a commitment to address climate change, which constitutes an essential element of this and all future UK-EU agreements.

Fisheries arrangements became a sticking point in the negotiations but agreement was finally reached. One new arrangement provides that 25% of the EU’s quota in UK waters will be transferred to the UK over a five and a half year period. Many other parts of the TCA are linked to the fisheries arrangements. For example, if the UK or EU restricts access to their waters, the other can retaliate with tariffs. Or if one side decides to end the fisheries arrangements, the arrangements for aviation and road transport will also cease.

## Health

Different types of UK-EU cooperation on health are included in the TCA. For example, there’s a general duty to cooperate on serious cross-border threats to health. There are also specific provisions maintaining the validity of European Health Insurance Cards (EHIC) until their expiration, and on the rights of UK citizens travelling in the EU to access some types of healthcare, and vice versa.

## Travel

Rules on travel from Wales to EU countries, Switzerland, Norway, Iceland and Liechtenstein **have changed** under the TCA for holidays, work, study and residency. Changes include visa and permit requirements (depending on the length of stay and the country visited), additional passenger checks and new rules for driving, pet travel, mobile roaming and compensation if travel is disrupted.

## On the horizon

The TCA contains a number of future deadlines on decisions not taken in December 2020, including establishing new bodies to implement the agreement, and for the review of some of its provisions. Important deadlines fall during this Senedd's term.

The agreement establishes 24 UK-EU committees and working groups. They'll play a crucial strategic role in overseeing and implementing the agreement, as well as on its future direction and content. Their membership, including what role devolved governments will play, is not yet agreed. A UK-EU Parliamentary Partnership Assembly will also be established. Discussions on its format and how it will engage the devolved legislatures are on-going.

A joint review of the UK-EU agreement is required every five years. The agreement also allows either the UK or the EU to call for a review of the agreement's trade provisions after four years if they believe that either side is not honouring its commitments on fair competition. This could lead to further changes in the trading relationship. Other parts of the agreement could also be included within this review.

The agreement is complex and many of its provisions are yet to be 'road-tested'. Agreeing how the text should be interpreted, and how it should operate in practice, is likely to take some time. For example, the agreement requires that UK and EU environmental supervisory bodies meet regularly and co-operate on the effective enforcement of the agreement's environmental commitments. What form these meetings will take, who will be involved and what role devolved regulators will have, is yet to be decided.

In addition, discussions will continue **in some areas** important to Wales where agreement wasn't reached. These include protected Welsh food and drink names, EU funding programmes and the mutual recognition of professional qualifications (MRPQ).

## “Much more to be done”

The list of tasks for the Sixth Senedd in relation to the TCA and the Senedd's future engagement with Europe is long. As the Fifth Senedd's **External Affairs And Additional Legislation Committee** said, “there is much more to be done in terms of assessing the implications for Wales”.

The agreement is new and untested. The details of its practical operation are not yet agreed. It's dynamic and will evolve and be reviewed during this Senedd. New relationships are bedding in, and the Senedd and Welsh Government will need to define and find their place in these. The effects of the new relationship on the UK constitution, and Wales' place in World, will unfold as the Sixth Senedd progresses.

While December 2020 may have marked the end of Season 1 of Brexit, Season 2: The new relationship is only just beginning.

### Key sources

- UK Government, [\*\*Trade and Cooperation Agreement\*\*](#) (2020)
- UK Government, [\*\*gov.uk/transition\*\*](https://www.gov.uk/transition), UK Government's main page for information and guidance for businesses and citizens on the new rules that apply to matters like travel and doing business with the EU.
- Welsh Government, [\*\*The new relationship with the EU: What it means for Wales?\*\*](#) (2021)
- Welsh Government, [\*\*Preparing Wales\*\*](#), Welsh Government website for information on new relationship and changes.
- European Commission, [\*\*Relations with the United Kingdom\*\*](#), EU Commission website for information on the TCA and new arrangement.

## Are we at a tipping point of inequality?

The landscape of inequality exposed by the pandemic largely followed the contours of existing disadvantage. But will previous approaches to reducing inequality be enough to counter these stark imbalances, or will new strategies be needed? And what role does data - or the lack of it - play?

### **Hannah Johnson**

The language of equality is used across the political spectrum, from 'social mobility' to 'levelling up', and 'intergenerational fairness' to 'social justice'. At the core is the idea that some people, groups, or areas are disproportionately or unfairly advantaged - whether economically, socially, culturally, or politically – because of systems and structures that enable it.

The pandemic has brutally demonstrated what these inequalities mean for people's lives on a scale not previously seen. Our chances of dying, getting seriously ill, losing jobs, experiencing abuse, or falling behind in education have been in part determined by who we are, our finances, our health, and where we live.

These factors, intertwined with others like adequate housing, the ability to home-work, and access to childcare, a car, outside space, and reliable internet, act to increase or decrease disadvantage.

And it leads us to ask a fundamental question: is this fair?

If not, what kind of policy interventions and systemic changes are needed to close the gaps?

### Why is inequality a problem?

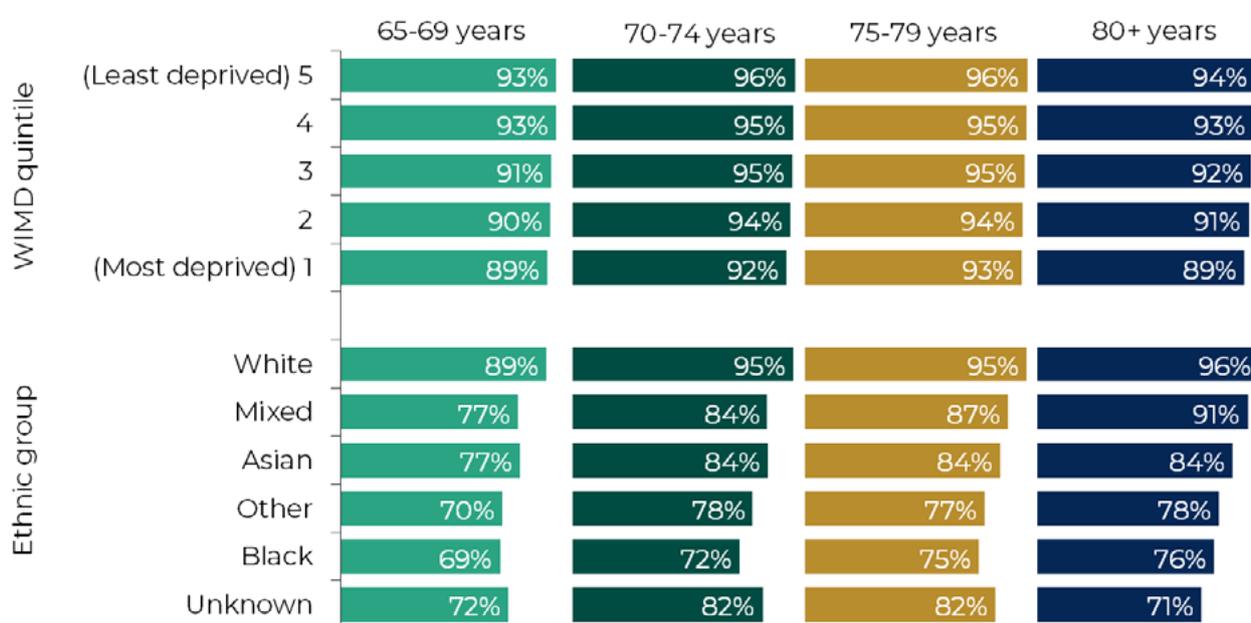
We often hear that a rising tide of economic growth lifts all boats. But in reality, a rising tide of inequality sinks all boats. [...] From the exercise of global power to racism, gender discrimination and income disparities, inequality threatens our wellbeing and our future.

**- United Nations Secretary-General, António Guterres**

Inequality is increasingly a problem for us all. It's estimated to **cost** the UK £39 billion a year, as managing the outcomes, like **homelessness**, are usually costlier than prevention. And while domestic abuse was recently **estimated** to cost the UK £66 billion a year, achieving economic gender equality **could** boost Wales's economy by nearly £14 billion.

Inequality might also slow down post-pandemic recovery. The **lower take-up** of vaccines among some ethnic groups and those living in the most deprived areas are of particular concern. Targeted misinformation, and long-term distrust of public authorities **linked** to structural and institutional racism and discrimination, are likely causes that will need more than a public engagement campaign to solve.

### Vaccination rates by WIMD quintile, ethnic group and age



Source: [Public Health Wales: Wales COVID-19 Vaccination Enhanced Surveillance Report 2](#)

### Equal treatment or equal outcomes?

Inequalities can be reduced either through universal policies that treat everyone the same, or by targeting them at those most in need.

Proponents of ideas like a universal basic income (UBI) **argue** the pandemic has shown that resources for comprehensive social protection for everyone can be found. Others contend that 'positive action', which favours certain groups, helps to equalise outcomes by addressing historic disadvantage. 'Proportionate universalism' is **somewhere in between**, where services are available to all but with effort targeted where it's most needed.

During the pandemic, some policies were targeted at people at higher risk based on their vulnerabilities. These include the 'shielding' programme, which **recognised** deprivation and ethnicity as risk factors in England, and the Welsh **workforce risk assessment tool**, which used demographics and health conditions to create a 'risk score' and suggested mitigation measures.

The previous Welsh Government also launched a **benefits take up campaign** aimed at those most in need of financial support, and a **helpline** specifically for people from ethnic groups disproportionately affected by the virus.

## What don't we know?

Absence of evidence isn't evidence of absence. If interventions are targeted at those who lost the most in the crisis, it's important that no-one is left uncounted.

In 2020 a Senedd committee **voiced** concerns about the poor quality of equality data available in Wales. This was **echoed** by the House of Commons Women and Equalities Committee, which specifically called for the collection of redundancy data disaggregated by sex, ethnicity, and other characteristics.

We also know that where these factors intersect, inequalities are amplified. Some groups were **hit particularly hard** by lockdown, when 39% of all female employees under 25, and 44% of workers of Bangladeshi ethnicity, were working in shut-down sectors in Wales.

Overlaying this data allows for a more nuanced understanding of risk, power, wealth, security, need, and experience, rather than treating broad demographic groups as homogenous. The previous Welsh Government repeatedly emphasised its intersectional approach to equality. But a lack of disaggregated, intersectional data frustrates meaningful analysis.

The collection of personal data by public authorities is sensitive, and requires trust. And targeting policies at certain groups can be seen as tokenistic or even discriminatory. These issues may present challenges for policy design in the coming years.

## Are the tools up to the job?

The reduction of inequalities was at the core of the previous Welsh Government's COVID-19 **plan for recovery**. It also set bold ambitions to become a **'feminist government'**, and a **'world leader for gender equality'**.

In March 2021, the **Socio-economic Duty** was commenced in Wales. It requires most public authorities to consider how they can improve outcomes for people on low incomes when making strategic decisions.

This will sit alongside the existing **public sector equality** duties, which compel Welsh public authorities to do things like conduct equality impact assessments, develop equality plans and objectives, and collect equality data. The **Well-being of Future Generations Act** also requires public authorities to think about the long-term impact of their decisions on equality and cohesion.

But it's difficult to measure the effectiveness of these duties. If inequalities in a particular policy area are not decreasing, does it indicate that the duty isn't being fulfilled, or that it isn't working? What if the levers of change aren't devolved? And if an impact assessment uncovers an unfair impact, is there a duty to act on it? Does this approach make sure we collect quality data?

With such unambiguous and widening inequalities at the forefront of political debate, the new Welsh Government will have to decide if previous approaches will work in the post-pandemic world.

The Sixth Senedd will also be critical in challenging the new Welsh Government to show how it's translating big ambitions on equality into tangible change.

## Key sources

- Welsh Government, **Strategic Equality Plan 2020-24** (2020)
- Wales Centre for Public Policy, **Planning for a Prosperous, Equal and Green Recovery from the Coronavirus pandemic** (2020)
- Welsh Government, **Coronavirus impact assessments**

## The digital uprising

The pandemic put a stop to business as usual, pushing public services, companies, and individuals to rapidly adopt new behaviours. We've worked at home, shopped online, learnt remotely, and socialised from afar.

The past year has also advanced the digital agenda and accelerated the speed of innovation. But what's the role of policymakers in this increasingly virtual world? And how can inequalities caused by digital exclusion be reduced?

### **Lorna Scurlock**

The world is changing. In 2016 **it was declared that:**

We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another.

But the **technology trends** that propelled the **fourth industrial revolution**, known also as the 'intelligence revolution' or 'industry 4.0', have been **accelerated** further by the pandemic. **One tech leader said** they had seen "two years' worth of digital transformation in two months".

### Heads in the cloud

Storing and accessing data and programmes over the internet, known as **'cloud computing'**, has been **vital in helping us adapt**.

Cloud computing was harnessed to **support the public health response** through **contact tracing apps** and **virtual healthcare**, and allowed the delivery of critical public services.

The use of online **team collaboration tools** has soared, with **Microsoft Teams experiencing a 40% increase** in demand during lockdown. Cloud-based applications allowed **educators to deliver online learning**, and provided knock-on **positives for the environment** too.

The flexibility of cloud computing helped shaped our lives and accelerated its adoption in 2020, with **further growth forecast** in 2021. But this comes with **increased data safety and security** risks, which will demand a proactive approach to keep cloud environments secure. And what skills will the workforce need to adapt to cloud computing long-term?

## New digital habits

While high street retailers have suffered, **internet sales as a percentage of total retail** sales in the UK rose from 22% at the beginning of March 2020, to over 36% in January 2021. Net **profit for Amazon was up 84%** for the year. This **shift to digital transactions has also propelled growth** in delivery, transportation, and warehouse jobs.

It's impossible to not mention the rise in video conferencing software. 'Zoom' was a verb in 2019, but is now a household company name. It is described as **the pandemic's success story**, and has **reported more than 300 million daily participants** in virtual meetings. Video conferencing has enabled a safe continuation of a whole host of activities, not to mention the work of the Senedd, which was the **first parliament** in the UK to go virtual.

## 'The great home-working experiment'

To minimise the risk of exposure to the virus, and supported by cloud computing, those that could, worked from home. This led to the reshaping of **company culture**, and a few **interesting online interactions**. Even **Hollywood stars had to adapt**.



Recent **research** found that home-working in Wales increased from 3.8% to 36.8% between March and April 2020. It also found 93.3% of employees wanted to continue working from home, suggesting that:

... the great homeworking experiment will become an entrenched and widely accepted feature of work even when social distancing restrictions are fully lifted.

The previous Welsh Government set a **long-term ambition for 30%** of the Welsh workforce to work remotely on a regular basis, and some **employers** have already

committed to more homeworking and less office space. Others are **aiming** for workforces to be 'hyper-collaborative' when in the office, and 'hyper-productive' when working at home.

A **report by McKinsey** found that continued remote working and virtual meetings:

... could prompt a large change in the geography of work, as individuals and companies shift out of large cities into suburbs and small cities.

**Office for National Statistics (ONS) analysis found** that 'those that could' adapt to home working are employees in higher-paying jobs. Another study found that **lower paid workers are more likely to lose their jobs** as a result of the pandemic, potentially **worsening existing inequalities** in the labour market.

What will be the impact of increased homeworking on our health and lifestyles? And will urban retail, hospitality, and public transport ever return to pre-pandemic levels?

## A new revolution

The 'intelligence revolution' means that an increasing range of intellectual tasks can be performed by AI, robotics, and automation, mirroring how the first industrial revolution drove the automation of repetitive physical tasks.

The previous Senedd's economy committee **considered it** 'imperative' that Wales should be "the provider, not just the consumer of emerging technologies". A key message of the last Welsh Government's 2019 review into **digital innovation and the future of work** was that:

... over the next decade, digital technologies will result in both job displacement and creation, but of even greater significance is its impact on how we experience work.

The proportion of jobs at high risk of automation by the early 2030s **varies from 26% to over 36%** across Welsh regions. A 2017 study into **where automation will hit hardest** found that:

... the unequal geographical distribution of the impact of automation deserves immediate attention by Government, particularly as it is regions that have previously suffered the effects of industrial decline that are likely to be worst hit.

So how can policymakers make sure that digital innovation doesn't create or worsen inequalities between people and regions? And how can sectors like manufacturing be equipped to take advantage of the new opportunities associated with technological change?

## The need for speed

Businesses and individuals with increasing digital demands need to be supported by reliable digital infrastructure.

It is **estimated** that 94% of Welsh premises have access to superfast broadband. But a Welsh Government **study** from 2019 suggested around 79,000 properties do not, and with no prospect of connection in the next three years.

Ofcom **estimates** that around 18,000 (1.2%) Welsh premises cannot access "decent broadband".

In December 2020 the National Infrastructure Commission (NIC) published a report into **digital communications infrastructure**. Among other things, this report concluded that:

Too much attention has been paid by policymakers to promoting fibre to the home technology in the UK and not enough on improving mobile broadband provision.

## New digital inequalities

Despite being an integral part of modern society, internet accessibility isn't equal, and **10% of people are still not online** or using the internet regularly. Yet local infrastructure isn't the only barrier to digital inclusion, and **other challenges include** low income and inability to get a data contract.

ONS analysis **exploring the digital divide** shows that although digital skills are increasingly important, people remain excluded. Digital inclusion has been described as a "key social justice and equalities issue".

The previous Welsh Government's **digital inclusion strategy** explains that the pandemic has:

... drawn attention to the widening inequalities caused by digital exclusion in accessing services, receiving vital information and purchasing goods online. The accelerating shift of public services to online platforms risks further increasing the gap between the digitally included and excluded.

The **Wales Centre for Public Policy** says that Wales' digital inclusion strategy needs to be “tailored to the challenges faced by different groups”, recognising that some will still need access to high quality in-person services.

A new **Digital Strategy for Wales** and its **delivery plan** were recently published, setting out the last Welsh Government's vision and ambition for a coordinated digital approach. But it's clear that:

... digital is not just about computers – it's about people.

## Key sources

- Welsh Government, **Digital Strategy for Wales** (2021)
- Welsh Government, **Digital innovation and the future of work** (2019)
- Wales Centre for Public Policy, **Building back better? Priorities for Reconstruction after the Coronavirus Pandemic** (2020)
- Office for National Statistics, **Exploring the digital divide** (2019)
- McKinsey Global Institute, **The future of work after COVID-19** (2021)

## How can Wales get the media it needs?

Policymakers face a conundrum as to how to support a sector that is vital to democracy, but works best at a distance from those that wield democratic power.

### **Robin Wilkinson**

What happens to a democracy when people lose access to trusted and reliable information about the people they can vote for? Since 1999, as the Senedd has gained further powers, professional journalism has retreated from local communities in Wales, as it has across the world.

At the end of the Fifth Senedd, the Culture, Welsh Language and Communications (CWLC) Committee **concluded** that the “supply of media content for Wales is inadequate”. The biggest shortfall it identified was in news and current affairs.

### Print pounds turn to digital pennies

Welsh newspapers have seen continued decline in their print circulations. Since 2008 the Western Mail's circulation has sunk by over three-quarters – from 37,576 to **8,419 in 2020**. Over the same period, the Daily Post's circulation has more than halved – from 36,432 in 2008 to **14,250 in 2020**. This is in sync with what has happened in the UK dailies, with the Mirror and the Express both more than halving their circulations over the same period. These patterns are mirrored across the world.

While print circulation has dwindled, online traffic has soared. WalesOnline's use grew by over 1400% between 2008 and 2020, with monthly visitor numbers up from **680,000 in March 2008** to **9.7 million in June 2020**.

News organisations have struggled to monetise this increasing traffic. Other than a few examples, they have been reluctant to charge for access to their content, instead relying on digital advertising, the **bulk of which** is hoovered up by Google and Facebook.

The result has been newspaper closures, job losses and market consolidation by the big players. These trends **accelerated** during the pandemic, despite **increased news consumption**. UK Government **analysis** in July 2020 suggested an advertising revenue reduction of 20.5% on the previous year for national

newspapers, and a 24.1% decline for regional newspapers. Declining print sales were further impacted by lockdowns, as **shopping footfall plummeted**.

## Television and radio are losing audiences to unregulated competition

News isn't all about newspapers. Television remains the **most common news source** in Wales, being used by 75% of people, compared to 43% for radio, 33% for print newspapers, and 31% for other websites and apps – including those dedicated to news.

But regulated broadcast services that carry news – such as the BBC, ITV and commercial radio – are all losing audiences to largely unregulated online competition such as Netflix and Spotify. These streaming platforms may carry some news and current affairs content, but they aren't required to by regulation, and so far this content forms only an incidental part of their business models.

A growing proportion of people – 46% in 2020 – gain their news from social media. Again, this is largely unregulated and, despite carrying **reliable news from trusted sources**, is bedevilled with **concerns about disinformation and fake news**.

## Loss of news suppresses voter turnout and increases corruption

There are many theoretical arguments for the value of news journalism in a liberal democracy. These include encouraging an informed public, political accountability and plurality of opinion. Recent research, **summarised in a report for the UK Government Department for Digital, Culture, Media and Sport** has given these claims an empirical basis.

The authors found that an additional daily or weekly local newspaper title increased voter turnout by 1.27 percentage points, and that “the closure of local and regional news titles has led to underreporting and less scrutiny of democratic functions”. Other cited benefits of public interest journalism range from reducing political polarisation to saving public money by reducing corruption and public mismanagement.

The devolved nature of many **powers** used to respond to the pandemic provided a worked example of the importance of Welsh news. In April 2020, the Fifth Senedd's CWLC Committee wrote to the House of Commons Digital, Culture, Media and Sport Committee **outlining** the potential of misreporting to damage public health, citing inaccurate news reports from across the UK press. The **most**

**popular print and online newspapers in Wales** are the Mail and the Sun. Readers in Wales are therefore often reliant on London-based editors to clearly communicate what lockdown measures are in place in Wales.

The Committee's claims were backed-up by **research** by Professor Cushion at Cardiff University. He found that the "vast majority" of study participants could spot "fake news", such as quack cures for COVID-19. But many cited "government or media misinformation" as sources of misleading information about the pandemic.

## A challenge for policy makers, which the Welsh Government does not have all the tools to address

The decline of news journalism provides a significant challenge for policy-makers. In recent history they have been able to rely on the market to provide a flow of broadly reliable and trustworthy news.

The freedom of this market hasn't been absolute – with newspapers long-receiving tax-breaks and implicit subsidies in the form of paid-for advertisements from public bodies. And broadcast media is either publicly-funded (such as the BBC and S4C) or regulated to ensure reliable news content. But this approach has helped politicians minimise the awkwardness of directly interfering in a sector that's dependent on independence from the state to do its job.

In 2018 the CWLC Committee **called** the retreat of news journalism from Wales "a profound public policy issue, which policy makers at all levels, not least the Welsh Government, need to address as a priority issue".

The previous Welsh Government accepted this recommendation in principle, but was limited in what it could do. "Broadcasting and other media" is a reserved matter, meaning that the power to pass laws in this area rests with the UK Parliament. This leaves direct funding as the main policy option for the Welsh Government.

Welsh Governments have long-funded Welsh language news and current affairs, via the Welsh Books Council, in recognition of the market failure in this area. In recent years it's provided funding for some English-language journalism, such as Nation.Cymru – via the Books Council, and **'hyperlocal journalism'** via its own **£200,000 Independent Community Journalism Fund**. The argument, made by the CWLC Committee, that the market for English-language journalism in Wales has also failed, seemed to have been accepted by the previous Welsh Government.

The then Deputy Minister for Culture, Media and Sport, Lord Elis-Thomas, had previously **said** that it was “not for Welsh Government to be providing media outlets or supporting media outlets”. But by the end of the Fifth Senedd he **revealed** that discussions were “ongoing” to provide further support to English-language journalism “similar to the Welsh language model”. The Senedd Commission has also **explored** whether it could offer support to journalism.

Cymdeithas yr Iaith Gymraeg has long called for the **devolution of broadcasting** to give the Welsh Government more tools to support the media. These proposals recently gained **limited support** from the CWLC Committee. But further powers would mean that tricky questions about how to increase public service content in an age of deregulation would be for the Welsh Government, rather than UK Government, to answer.

Though several new news services for Wales have started in recent years (such as **Nation.Cymru** and **The National**), none of the broader market trends show any sign of abating. If politicians want people to know more about the people and institutions they vote for, it will be up to them to work out how.

## Key sources

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- Senedd Research, **Coronavirus: journalism** (2020)
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- The Conversation, **Coronavirus: fake news less of a problem than confusing government messages – new study** (2020)

# Health and care

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- Social care: a system at breaking point?
- A mentally well Wales
- Hospital waiting times: a mountain to climb



## Social care: a system at breaking point?

The pandemic has drawn attention to the importance of the social care sector, but also demonstrated the fragility of the system. Will COVID-19 be a catalyst for change?

### **Amy Clifton**

The stark pressures facing the social care sector have been brought into the spotlight during the pandemic.

There's a new recognition and appreciation of social care staff, but inequalities in how they are treated compared to NHS staff are even more exposed. The need for better support for Wales' ever-increasing population of unpaid carers has also been highlighted.

It's widely **accepted** that fundamental reform of social care is long overdue. There have been numerous Welsh and UK Government papers and reports on reform, but the can has been repeatedly **kicked down the road**.

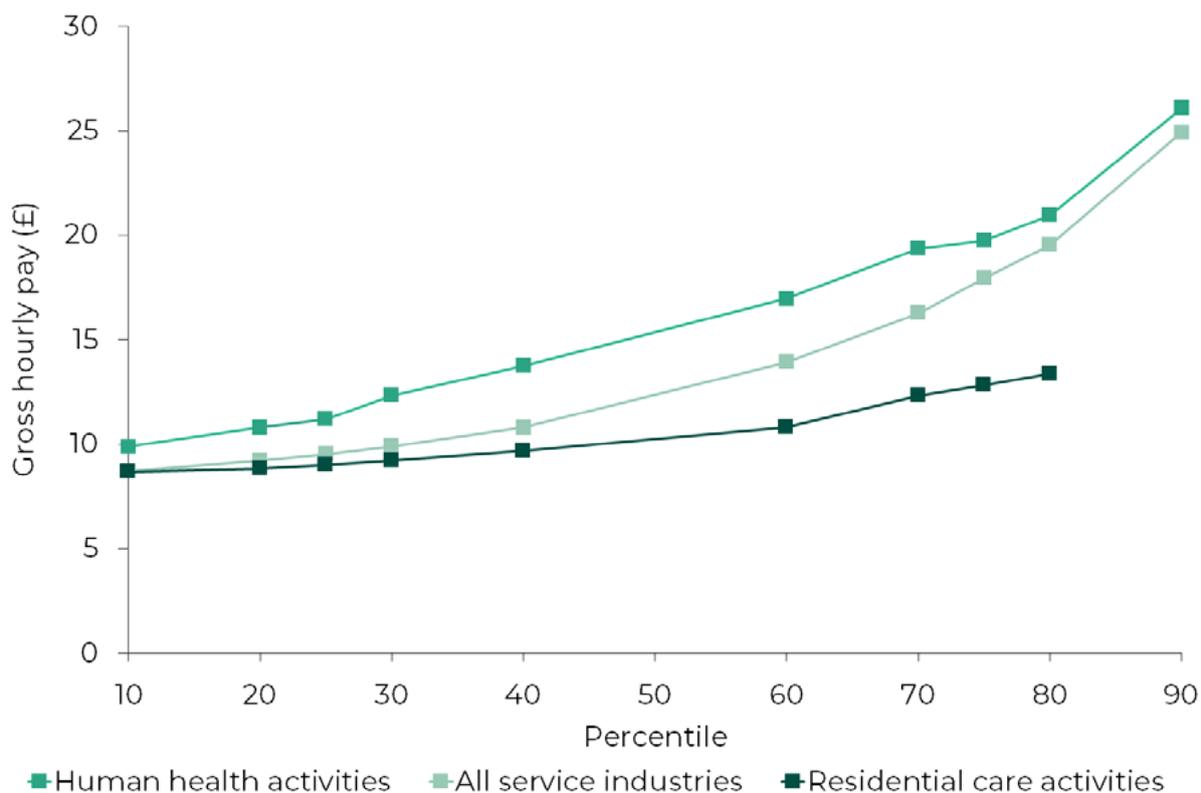
### The social care workforce

Care work is generally **regarded** as a low pay, low status profession, with limited opportunities for career progression. The sector suffers from **staff shortages, high staff turnover**, and major difficulties in recruitment. Social care is consistently losing staff to sectors like retail, which offer better pay and conditions.

**56% of the social care workforce** in Wales earn below the **Real Living Wage** (£9.50 an hour). Wages are similar in Wales and England, but markedly higher in Scotland.

Residential care workers in Wales have faced a decade of **no relative improvement in pay**, and their median wage remained below the Real Living Wage for most of that period. Wages in residential care are also much lower than the **service industry average**.

## Distribution of gross hourly pay across sectors in Wales, 2020



Source: ONS, [Annual Survey of Hours and Earnings, 2020, Table 5.5a](#). Data point for the 90th percentile of residential care workers has been removed as the estimate is deemed unreliable.

During the pandemic the social care workforce faced trauma and significant personal risk, with workers in Wales and England **twice as likely to die** with COVID-19, compared to the general working-age population.

In March the Fifth Senedd's Health, Social Care and Sport (HSCS) Committee, alongside stakeholders, **called for parity of esteem for social care workers** with NHS staff, in terms of pay, working conditions and recognition.

The Social Care Fair Work Forum (a partnership of Welsh Government, employers and unions) **concluded** later that month that the Real Living Wage should be the minimum pay received by social care workers. It sees this change as the most urgent priority to improve working conditions.

## The role of unpaid carers

The majority of care is provided by unpaid carers (typically family or friends) rather than commissioned services. Even before the pandemic it was **estimated** that unpaid carers provide 96% of all care in Wales.

The replacement cost of care provided by unpaid carers (i.e. purchasing this care at market price) is **estimated at £8 billion** – roughly the same as the annual NHS Wales budget.

Carers have taken on more caring responsibilities during the pandemic and are now **said to be at breaking point**, exhausted from long periods of caring without breaks or support. Support services such as respite care, which were already in short supply, have reduced or stopped altogether. Many carers are also **struggling financially**, and stakeholders want to see greater financial assistance made available.

Any plans for social care reform must recognise the pivotal role of unpaid carers, which isn't sustainable without improved access to support. As the Fifth Senedd's **HSCS Committee said**:

Carers give so much to the people they care for and without them, our health and social care systems would be overwhelmed and unable to function. They must be supported, recognised and rewarded to enable them to continue caring for as long as they wish to do.

## The relationship between health and social care

At the start of the pandemic, it was suggested that **social care was an afterthought**. Vital PPE and access to testing for care workers were significantly delayed in comparison to the NHS.

Patients being discharged from hospitals to care settings (sometimes in the middle of the night) without a negative COVID-19 test result continues to be a cause for concern among stakeholders. **The Association of Directors of Social Services (ADSS) Cymru** says this has resulted in a significant breakdown of trust between care homes and hospitals. **Carers charities** also raised concerns about poor hospital discharge practices putting pressure on unpaid carers.

Better integration of health and social care has long been a political ambition but real progress remains to be seen. In 2014, the last Welsh Government established an **Integrated Care Fund** (ICF), with the aim of driving this forward. However, the

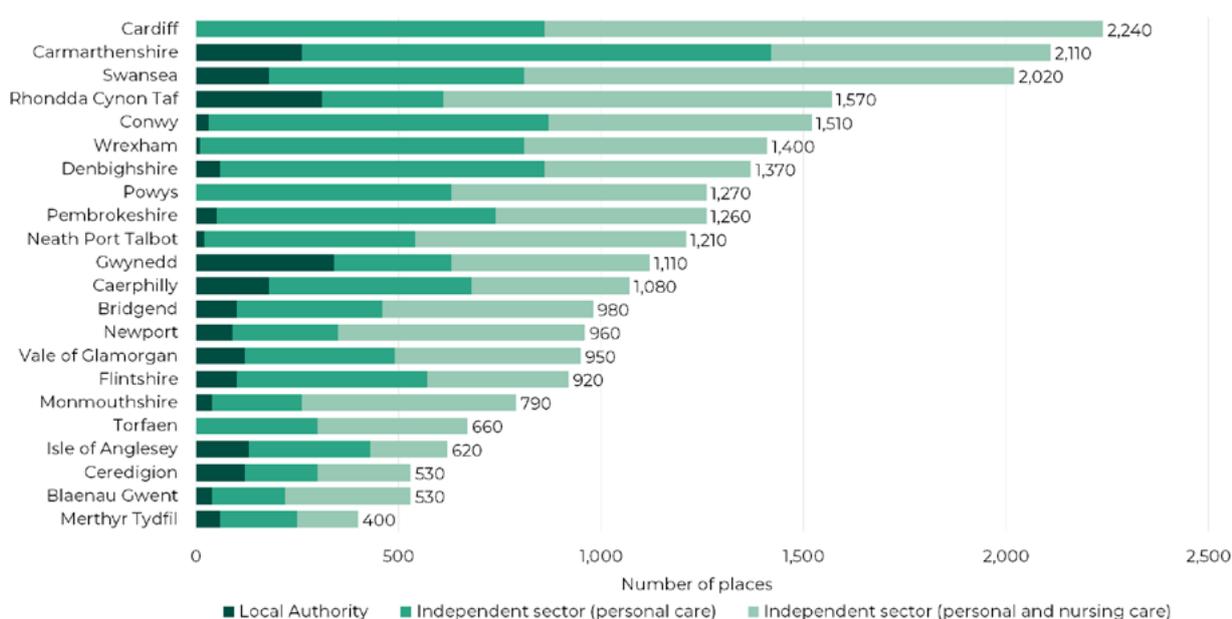
**Wales Audit Office** has been critical of the fund's overall impact.

## Service pressures

The pandemic exacerbated the already precarious financial position of many care providers and provoked further doubt about the long-term viability of the current service model, particularly within the residential care market.

Residential care is extremely fragmented. There are over 1,000 separate care homes, the vast majority of which are **small, independent businesses**, that provide the lion's share of adult care home places.

### Number of adult care home places, by local authority and provider type, March 2021



Source: Care Inspectorate Wales, March 2021, user requested data. Data rounded to the nearest 10.

It's widely accepted that the care system is underfunded, and local authority fee levels don't appear to have kept pace with rising costs. Self-funders are effectively subsidising costs, on average **paying around 25% more** in care home fees than local authorities.

Care homes need a high level of occupancy to be viable, but many have seen resident numbers drop during the pandemic, causing significant financial strain.

Care homes have also struggled with serious staff shortages due to illness and staff needing to isolate. In December 2020, a number of care homes reached a

critical level of staff absence and were on the brink of closure. According to media reports, residents were close to being **moved to hospital** because of staffing levels.

Increased demands and pressures also continue to be felt by home care providers, particularly with **long COVID** and patients who've had extended stays in hospital. Looking ahead, long COVID will continue to be a **new pressure** on services, adding a new group of service users who (without COVID) may not have needed social care.

## Future demand

Wales has an ageing population, and people are living for longer with complex care needs and dementia. This will no doubt continue to increase pressure on care services. The number of older adults living with severe dementia is **predicted to double by 2040**.

Even before the pandemic, the Health Foundation estimated that the Welsh social care budget would need to reach **£2.3 billion by 2030/31** to match demand.

The previous Minister for Health and Social Services, Vaughan Gething, **acknowledged** that Wales' already stretched services won't meet future demand unless action is taken. He reported that spend on social services could be up to £400 million higher in 2022-23, just to maintain the current level of services.

The last Welsh Government concluded that radical reform to improve social care wasn't likely in the near future, given the challenging economic climate caused by the pandemic.

**The then Minister said** that, in the shorter term, measures "working towards introducing a real living wage for the workforce" could be implemented "as quickly as is affordable".

As the **Nuffield Trust notes**, COVID-19 has pushed the demand for reform up the agenda:

Never has social care been so prominent in public and political discussions. There is a groundswell of support for reform that presents a rare opportunity to achieve tangible change.

Will this translate into action to improve social care by the next Welsh Government?

## Key sources

- Carers Wales, COVID-19 briefing, **Impact on Unpaid Carers in Wales** (2020)
- The Health Foundation, **The path to sustainability** (2016)
- Wales Fiscal Analysis, **The future of care in Wales: Resourcing social care for older adults** (2020)
- Health, Social Care and Sport Committee, **Inquiry into the impact of the COVID-19 outbreak, and its management, on health and social care in Wales: Report 3 – Impact on the social care sector and unpaid carers** (2021)

## A mentally well Wales

What are the key challenges and opportunities for improving mental health and wellbeing in Wales?

### **Philippa Watkins**

There were serious, long-standing concerns about mental health services in Wales before COVID-19 hit. Several Senedd committees highlighted long waiting times, high thresholds for treatment, and gaps in service provision. There are new fears about the impact of the ongoing pandemic on the mental health and wellbeing of the population, and on some groups in particular.

The long-term effects of the pandemic on mental health are not yet fully understood. It's clear that mental health has worsened, and there's been an unequal impact on different groups. Young people and those living in poverty have been hit the hardest.

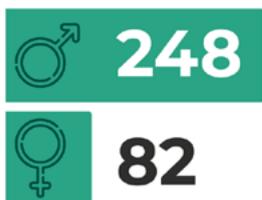
### Mental ill health in Wales/UK



1 in 4 adults experience mental health problems at some point during their lifetime.



Half of all mental health problems start by the age of 14.



There were 330 registered deaths from suicide in Wales in 2019.



20% of Welsh adults in the most deprived areas reported being treated for a mental health condition, compared to 8% in the least deprived.



Mental health problems represent the largest single cause of disability in the UK.



NHS Wales spent £810 million on mental health problems in 2019-20, representing 11.1% of total NHS spend.



The total cost of mental health problems in Wales has been estimated at £7.2 billion a year.

## Impact of the pandemic

More than half of adults and three quarters of young people **said** their mental health was worse during the early months of the pandemic. It's now clear that COVID-19 has had **significant emotional impacts** on the population. People have been exposed to greater levels of stress and anxiety as well as bereavement. They've also been less able to access their usual coping mechanisms (e.g. seeing friends and family, opportunities to exercise).

While the distress experienced by many could be described as a 'normal' response to an extraordinary situation, people may still have needs for support. In addition, those with existing mental health problems may have seen their symptoms deteriorate. In its December 2020 **report**, the Fifth Senedd's Health, Social Care and Sport (HSCS) Committee emphasised that appropriate support must be in place for everyone who needs it. This must cover the range of mental health need

- from low-level, early intervention support through to more specialist services and crisis care.

It's recognised that the mental health and wellbeing of some groups has been **disproportionately affected**. These include:

- people with existing needs for mental health support;
- people on low incomes, or who have seen their employment status change or are self-employed;
- NHS and care workers, and other frontline staff;
- Black, Asian and minority ethnic communities;
- older adults; and
- children and young people.

## Children and young people

During the pandemic, young people **reported** a range of issues including increased anxiety, loneliness, and more limited access to mental health and other services they usually rely on. It's **feared** that the disruption to their education, employment and training opportunities could have a significant, long-term impact on young people's wellbeing.

In October 2020, the Children, Young People and Education (CYPE) Committee published a **follow-up** to its landmark 2018 **Mind over matter** report. This sets out a 'roadmap' for improving emotional and **mental health support for children and young people**.

## Key challenges and opportunities for the next Welsh Government

Managing a backlog of patients alongside increased demand for services

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It's **expected** to take several years for NHS services to recover and waiting times to return to pre-pandemic levels. Mental health was not in a strong position before COVID-19, with many people **struggling to access** timely, appropriate support. There's been progress in some areas, such as the work in **schools** to improve support for pupils' mental wellbeing. But there are still gaps in provision which

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previous governments haven't managed to address. For example, **access to psychological therapies** across Wales remains a challenge.

Although mental health services in Wales were categorised as an **essential service** during the pandemic, many people were unable to access services or delayed seeking help. There are concerns about a potentially high **burden of unmet need**, and that some people with existing mental health problems may have become more severely ill.

The Welsh Government's **health and social care recovery plan** (March 2021) cautions that the NHS could be overwhelmed with referrals for mental health support. Notably, it says this will be driven by the socio-economic impacts of the pandemic (rather than medical/specialised mental health needs).

Technology will play a greater role in the delivery of mental health services

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During the pandemic, more mental health services have been delivered remotely with face-to-face appointments significantly reduced. Remote/online services may be effective at meeting some needs for support, but might not be appropriate or accessible to all. For example, around 13% of households in Wales have **no access to the internet**.

A **recent evaluation of video consulting services** suggests that there's a "large appetite" for video consulting in Wales, with "high potential of sustainability and long-term use" beyond the pandemic. In the future, we're likely to see a blended approach to mental health service delivery, with a combination of face-to-face and remote services. Addressing the 'digital divide' will be key.

Better mental health services are needed, but this isn't enough on its own

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A clear message from stakeholders is that 'mental health' does not just sit within the NHS - it is a much broader, public health issue. Preventing mental ill health spans government departments and all sectors of society. The **Mental Health Foundation** says:

Prevention of mental health problems is possible through effective societal, community and individual support, but it cannot happen within the health sector alone – action must be taken in the spaces where people are born, raised and live (in the home, in schools, their communities and workplaces).

## A greater focus on mental health

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In October 2020, the previous Welsh Government updated its **mental health delivery plan** to take account of the pandemic situation. It also appointed a new **Minister for mental health and wellbeing**. Its **budget for 2021-22** includes increased funding for mental health services, and recognition that improving public mental health requires a whole-government approach:

Further investment in mental health can be seen across government, in line with our approach to prevention and protection of mental health and well-being, including employment support, debt advice, housing support, sports and access to green spaces.

In December 2020, the Welsh Government established the **Together for Mental Health Ministerial Delivery and Oversight Board** to strengthen governance arrangements around its mental health strategy and drive this work forward at greater pace.

## Looking to the future

The increased focus on mental health has been broadly welcomed. But will this be enough to tackle the impacts of the pandemic and deliver the whole-system approach needed to improve mental health and wellbeing in Wales?

There is **consensus** that mental health has been chronically underfunded (not just in Wales but worldwide). Despite the high **burden of disease** from mental health problems, mental health receives a small fraction of overall health funding. An even smaller proportion of health **research** funding goes to mental health research. Concerns remain that mental health risks further de-prioritisation in the ongoing response to the pandemic and the recovery of routine healthcare services.

Greater parity between mental health and physical health has long been called for by the sector and by Senedd committees. There may still be a long way to go before we get there. Committed leadership, joined-up policy, and appropriate budget allocations will be key to improving public mental health and developing mental health services fit for the future.

## Key sources

- Welsh Government, **Together for mental health delivery plan 2019-2022** (reviewed in response to COVID-19, October 2020)
- Welsh Government, **Health and Social Care in Wales – COVID-19: Looking forward** (2021)
- Health, Social Care and Sport Committee, **Inquiry into the impact of the Covid-19 outbreak, and its management, on health and social care in Wales: Report 2 – Impact on mental health and wellbeing** (2020)
- Children, Young People and Education Committee, **Mind over matter - A report on the step change needed in emotional and mental health support for children and young people in Wales** (2018), and **Mind over matter: Two years on** (2020)
- Senedd Research, **Mental health, young people and the pandemic** (2020)
- Mental Health Foundation, **Coronavirus: Mental health in the pandemic** (ongoing study)

## Hospital waiting times: a mountain to climb

The COVID-19 pandemic has put enormous pressure on health services, with lengthening waiting times for treatment. What can be done to tackle the backlog?

### **Paul Worthington**

In March 2020 all non-urgent hospital treatments were postponed, freeing up hospital capacity to deal with the first wave of the COVID-19 pandemic. COVID-19 pressures are now easing, but NHS Wales is facing a sizeable backlog. Over half a million patients are currently waiting for treatment for other conditions. How can our healthcare services respond to this challenge?

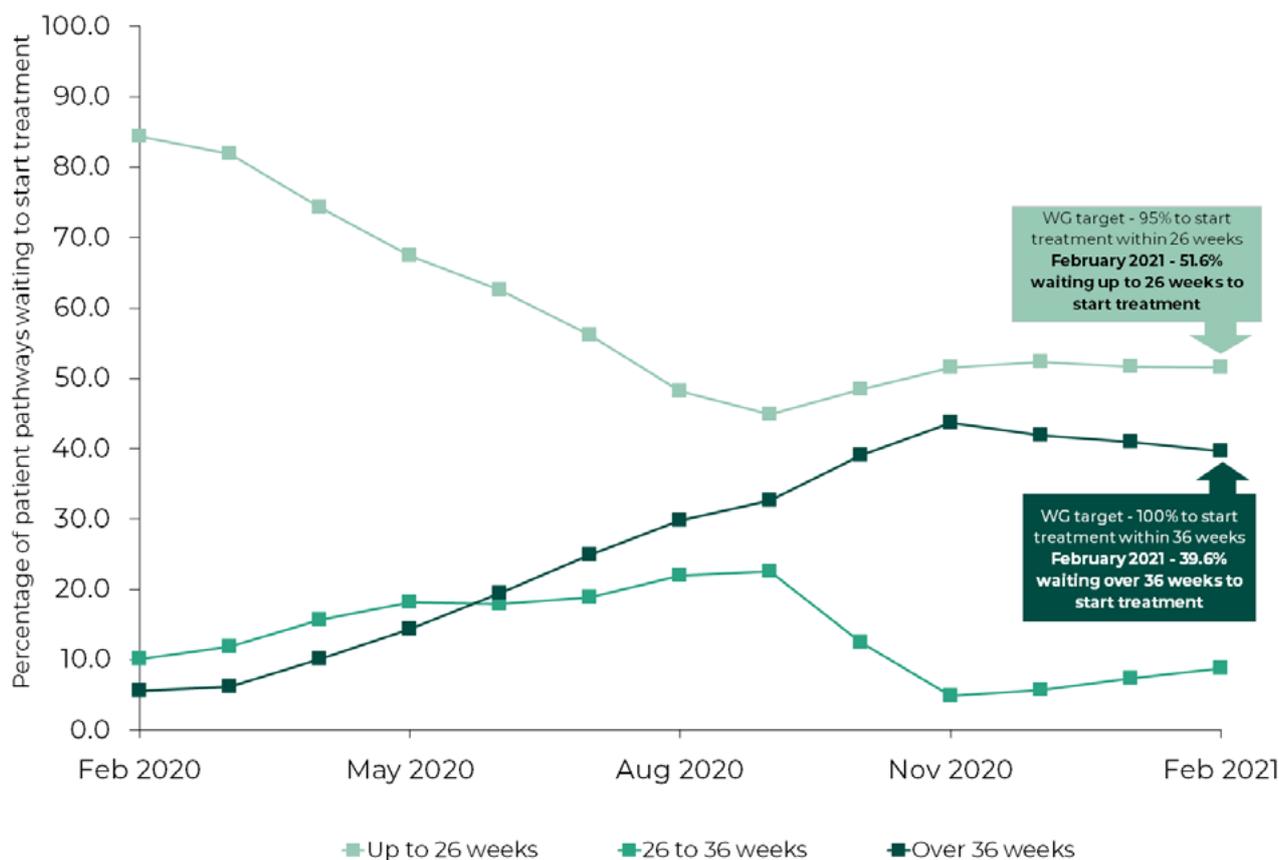
### What's the scale of the challenge?

The Welsh Government's targets for referral to treatment (RTT) are that 95% of patients referred for planned hospital treatment should be seen within 26 weeks, and 100% within 36 weeks. The RTT time also includes time waiting for out-patient appointments, tests, scans or other procedures that may be needed before being treated. There are other waiting times targets for diagnostic tests, therapies, and **starting cancer treatment**.

Waiting times were already increasing before the pandemic. At their most recent lowest point, in **March 2019**, the RTT total stood at 8,985 patients waiting over 36 weeks. But those numbers increased again over following months to 25,549 in December 2019. Between February 2020 and February 2021, total numbers waiting to start treatment rose from 461,809 to 549,353, with those waiting over 36 weeks growing from 25,634 to 217,655 patients – a 749% increase.

A fall in the numbers of patients being referred by GPs for treatment means there are fewer patients waiting under 36 weeks, but patients who were already on waiting lists are waiting longer. Around **60% of those waiting over 36 weeks** are waiting for a first out-patient appointment.

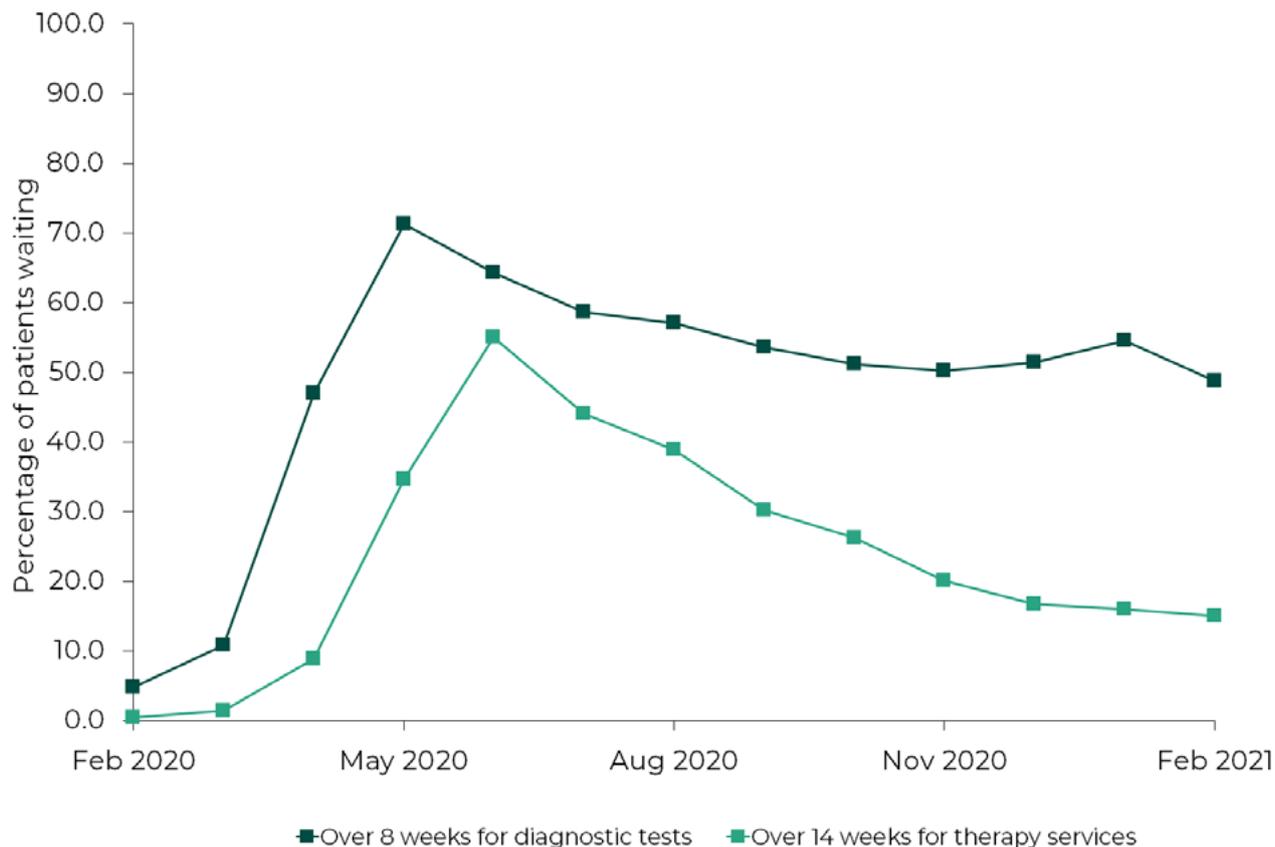
## Performance against Referral to Treatment (RTT) waiting times targets: Wales, February 2020-February 2021



Source: StatsWales, [NHS Wales Hospital Waiting Times Referral to treatment](#)

There are also [Welsh Government targets](#) stating that no-one should wait longer than eight weeks for diagnostic services, such as X-Rays, or 14 weeks for therapy services, such as physiotherapy. Between February 2020 and February 2021, [the numbers waiting](#) beyond these targets rose from 3,551 to 48,136 in diagnostics, and from 197 to 4,129 in therapies.

## Percentage of patients waiting longer than diagnostic and therapy waiting times targets: Wales, February 2020-February 2021

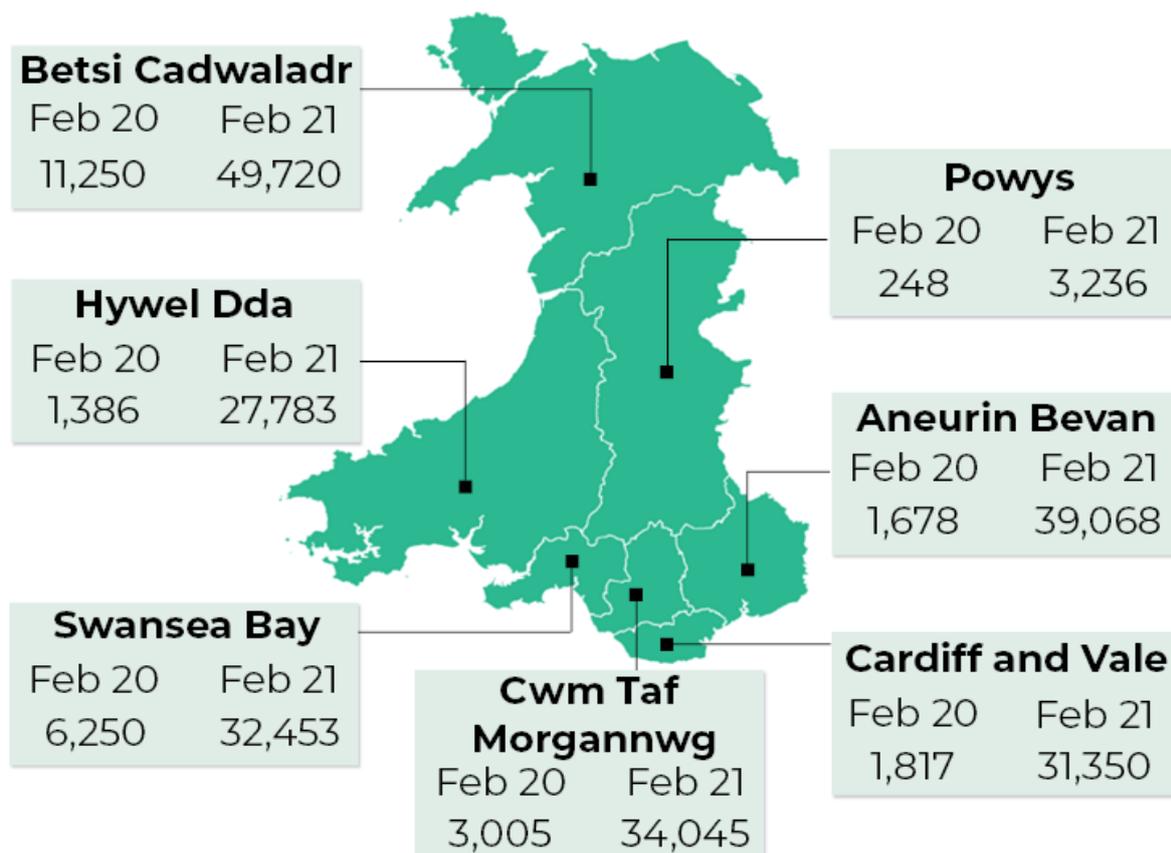


Source: StatsWales, [NHS Wales Hospital Waiting Times Diagnostic and Therapy Services](#)

### Where are the key pressures?

The original decision to postpone non-urgent treatment applied across Wales. But since December 2020, health boards **have been able to decide locally** when and how much non-urgent work they could resume. Over time, this may mean the speed of dealing with the backlog varies across Wales. In **December 2020**, health boards were delivering only around half of the pre-pandemic levels of non-urgent activity.

## Numbers of Referral to Treatment (RTT) patients waiting over 36 weeks by health board, February 2020 and February 2021



Source: StatsWales, [NHS Wales Hospital Waiting Times Referral to treatment](#)

Much of the growth in waiting lists comes from high-volume procedures for specific conditions, such as hip and knee replacements, or cataracts. Of the 217,655 patients waiting over 36 weeks, the majority are in a small number of specialties, including 52,173 in orthopaedics, 31,695 in ophthalmology, 26,354 in ear, nose and throat, 25,181 in general surgery, and 12,715 in dermatology.

### Is that the whole picture?

The published figures tell only part of the story. GPs have made fewer referrals for treatment. Total monthly referrals fell from 109,432 in February 2020 to 39,076 in April 2020, and were only 82,647 in February 2021. The Fifth Senedd's Health, Social Care and Sport (HSCS) Committee inquiry into the impact of COVID-19 on health and social care heard concerns around potential "pent-up demand", including people with existing chronic conditions who needed ongoing support and assessment. [Cardiff and the Vale UHB](#) stated that:

For most services the lack of referrals is unlikely to reflect a change in the true health needs of the population - more likely the demand has simply been suppressed by the pandemic. As the pandemic recedes it is reasonable to assume this demand will resurface.

There are particular concerns around **falling numbers of cancer referrals**. Dr Richard Johnson of the Royal College of Surgeons **told the Committee** that “[t]here’s a massive unmet need in the community where patients haven’t come forward yet and haven’t been diagnosed”. **Macmillan Cancer Support estimate** that between March and November 2020, around 3,500 people could have missed a cancer diagnosis.

A report from **Community Health Councils in Wales** looking at the experiences of patients on waiting lists during the pandemic, says that many people were reluctant to use health services, due partly to concerns around COVID-19 infection.

The impact of waiting on patients can be enormous. Not only must people on waiting lists live with their condition for longer, they may find it getting worse. **The HSCS Committee heard** that patients may need extra support or ‘prehabilitation’ before being able to begin treatment, and people referred by GPs may need a greater level of diagnostic support.

“The effect on patients waiting for surgery, even if it’s just planned surgery, is quite devastating both from a physical and a psychological point of view”, **according to the Royal College of Surgeons**.

## How will the NHS in Wales deal with the backlog?

The Chief Executive of NHS Wales **has stressed** that reducing waiting times needs major changes in patient care, “making sure that we don’t just revert to our traditional services”. The **Welsh NHS Confederation** also acknowledge the need to “radically rethink” the way healthcare is delivered, including:

- substantially increased use of **digital technologies** in providing accessible care. Greater use of virtual GP and out-patient consultations is perhaps the most significant service change which emerged during the pandemic;
- supporting **patients as partners** in managing their own care, with access to better information and advice on their health;

- more **team working** across primary care and hospitals, including more and better organised support for people with chronic conditions;
- **increased support for GPs and primary care**, such as more direct GP access to diagnostic services; and
- providing **some services more regionally**, with health boards working together in areas such as diagnostics and less complex, high-volume surgery.

## What are the barriers to tackling waiting lists?

The Committee heard from **health boards** and **professional bodies** about issues that must be addressed in tackling the backlog. These include the continuing impact of the pandemic on service demand and capacity, with hospitals needing to separate COVID and non-COVID treatment. There's also a need for improved **scaling up of innovation**. The **Wales Audit Office**, alongside **other evaluation work**, has been critical of NHS Wales' record in rolling out successful good practice;

Staff need time to recover and recuperate, there needs to be an increase in the workforce, and access to more service capacity, in both the NHS and independent sector. This will all need additional funding.

## What could the new Welsh Government do?

The waiting times figures are daunting. The then Minister for Health and Social Services, Vaughan Gething, said on **24 February 2021** that he believed the recovery will take at least a full Senedd term.

These pressures aren't unique to Wales. The **Nuffield Trust** report that waiting lists in England are at their highest point since August 2007, and the NHS Confederation **estimates** that NHS England faces a "hidden waiting list" of nearly six million people who haven't used health services or been referred. **Public Health Scotland** reported that, in December 2020, almost 40% (34,456) of patients had waited over 39 weeks for treatment, with lengthy waiting times for out-patient appointments as well.

Recovering from the pandemic involves clearing the existing backlog, and keeping up with demand from new patients added to waiting lists. The previous Welsh

Government recently published a **recovery plan for health and social care**. This proposed changes in outpatient services, with virtual appointments and direct GP access to tests becoming normal practice, to reduce referrals to hospital services. It also recognised the need for additional service capacity.

NHS activity remains constrained by COVID-19 restrictions and the need to retain capacity to deal with further outbreaks. Waiting times were increasing before the pandemic. Radical action may be required by the new Welsh Government if it wants current waiting lists not just to stabilise, but to shrink.

## Key sources

- Board of Community Health Councils in Wales, **Feeling forgotten? Hearing from people waiting for NHS care and treatment during the coronavirus pandemic** (2020)
- Health, Social Care and Sport Committee, **Inquiry into the impact of the Covid-19 outbreak, and its management, on health and social care in Wales** (2020)
- Wales Audit Office, **Integrated Care Fund** (2019)
- Welsh NHS Confederation, **Response to the Finance Committee's scrutiny of the Welsh Government's 2021-2022 Draft Budget proposals** (2020)
- Welsh Government, **Health and social care in Wales- COVID-19: looking forward** (2021)
- Welsh Government, **Health and social services transformation fund 2018 to 2021: mid-point evaluation** (2020)



# Economy and business

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- Recovering from the “biggest economic challenge in living memory”
- Supporting the recovery of hard-hit sectors
- Poverty and supporting low-income households



## Recovering from the “biggest economic challenge in living memory”

The last year has been the toughest economic period of many people's lives. What are the challenges and opportunities for securing economic recovery and reshaping the Welsh economy?

### **Gareth Thomas**

The Welsh economy has faced unprecedented challenges since the start of the COVID-19 pandemic.

At the start of 2020, who would have foreseen that many key economic sectors would have closed for some or all of the past year? Or that the Welsh and UK governments would spend billions supporting businesses and workers through the most difficult period of many people's lifetimes?

The Fifth Senedd's Economy, Infrastructure and Skills (EIS) Committee **concluded that** economic recovery will be the “biggest economic challenge in living memory”.

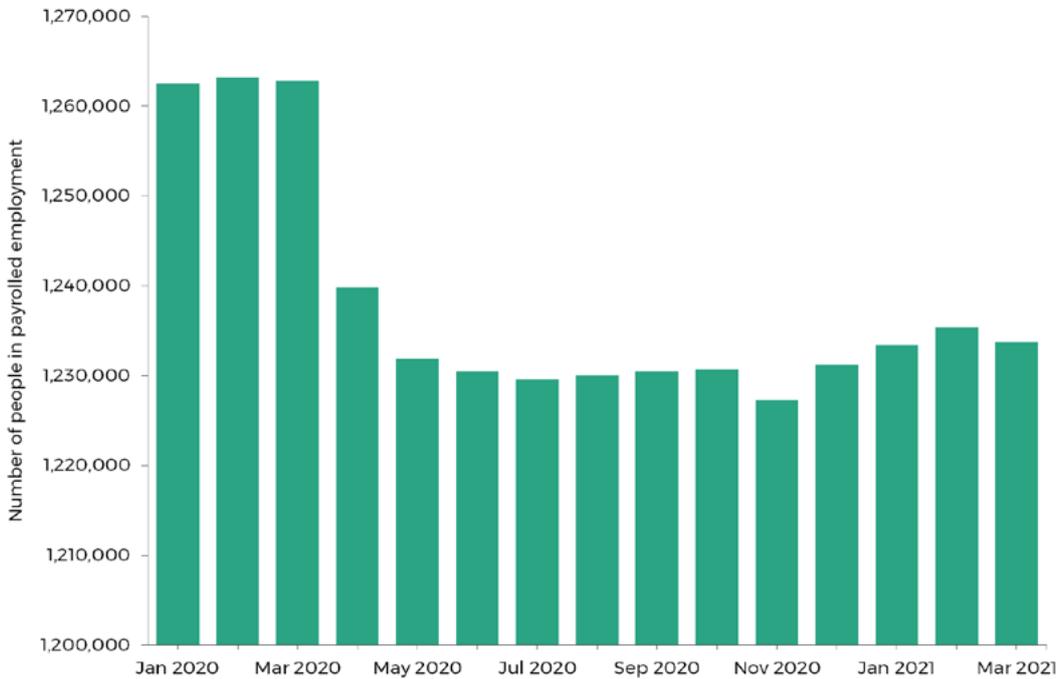
### What's the scale of the challenge?

Key economic indicators show the impact of the pandemic on the Welsh economy. Welsh **Gross Domestic Product decreased** by 2.4% in the first quarter of 2020, and by 15.1% in the second quarter.

The number of **payrolled employees** in Wales in February 2021 was 24,000 lower than at the start of the pandemic, with much of this decrease having come in the early months of the pandemic.

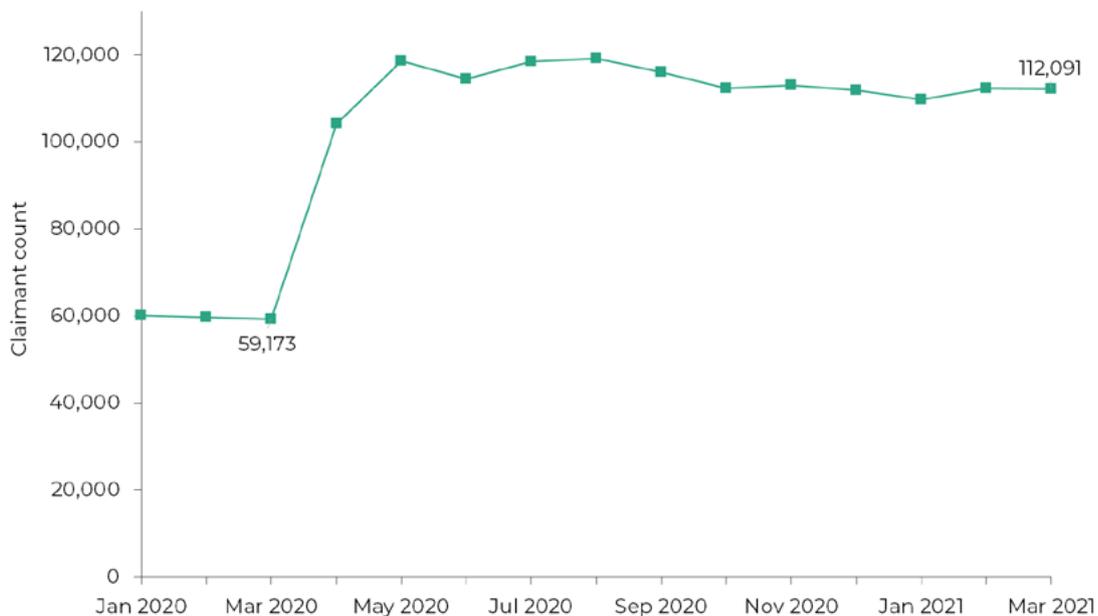
However, the claimant count in January 2021 is almost double the level seen at the start of 2020. Some of this increase will be caused by changes to Universal Credit eligibility. The claimant count is the number of people receiving Jobseeker's Allowance, or who receive Universal Credit and are required to look for work.

### Number of people in payrolled employment in Wales, January 2020 to March 2021



Source: Office for National Statistics, [Earnings and employment from Pay As You Earn Real Time Information, seasonally adjusted](#)

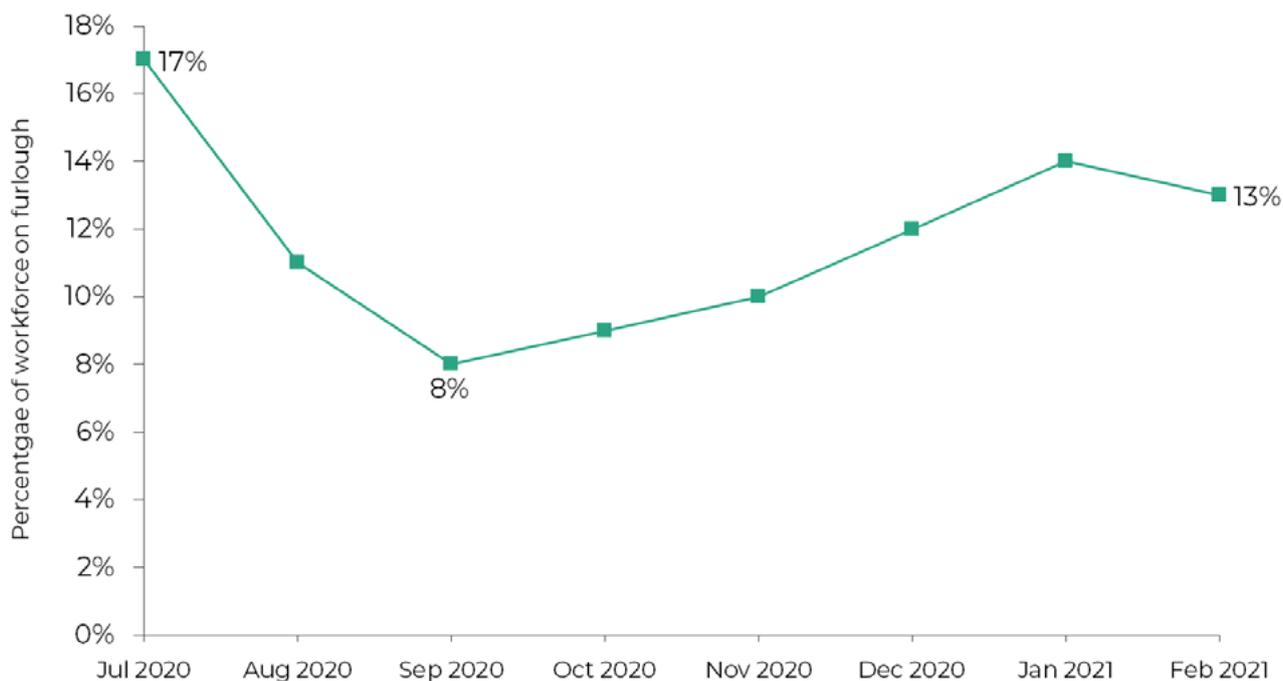
### Claimant count in Wales, January 2020 to March 2021



Source: NOMIS, [ONS Claimant Count - seasonally adjusted](#)

Over 460,000 **jobs have been furloughed** in Wales since the start of the Coronavirus Job Retention Scheme, and there's **concern** from the Resolution Foundation that unemployment will spike when it eventually ends. Monthly data has been available since July 2020, and the latest figures show that 13% of the workforce was furloughed at the end of February 2021.

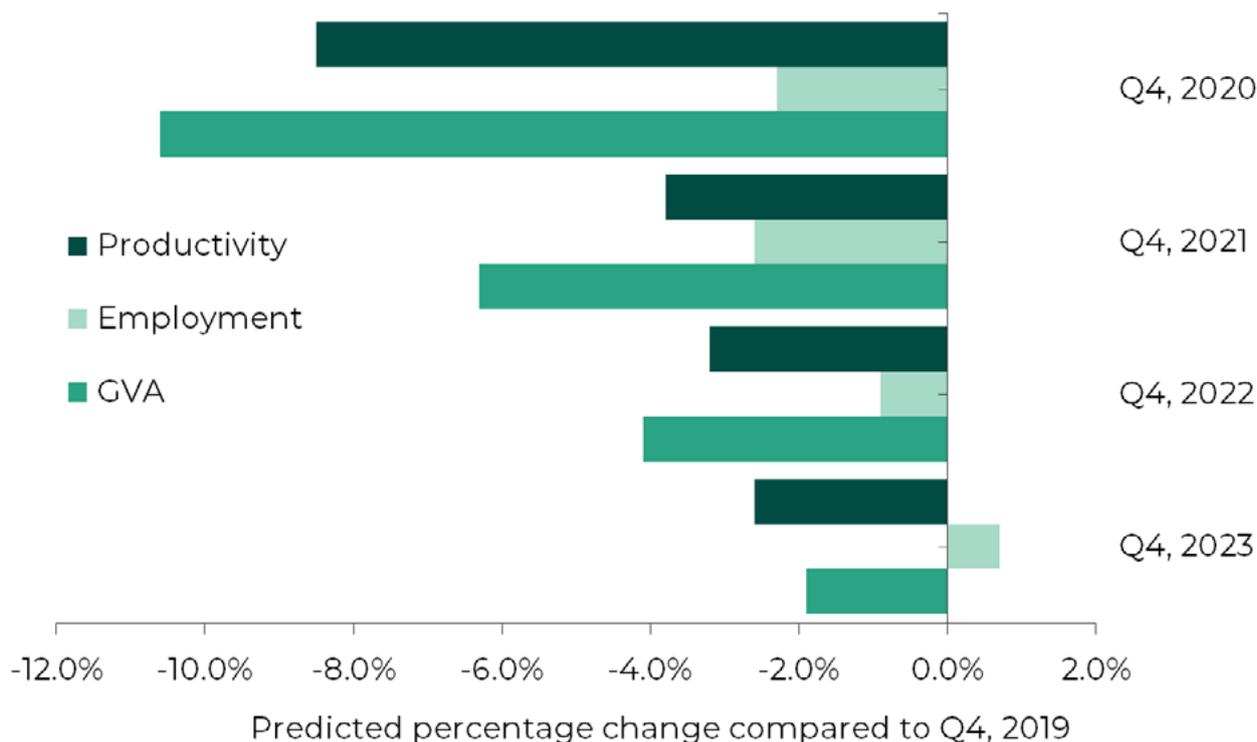
### Percentage of workforce on furlough in Wales, July 2020 to February 2021



Source: HM Revenue and Customs, [Coronavirus Job Retention Scheme statistics](#)

While the Office for Budget Responsibility's **latest forecast** predicts a quicker recovery than initially thought, the National Institute of Economic and Social Research **projects** that recovery will be fastest in London and southern England. It suggests that Welsh employment will recover over the next three years, but that Welsh **Gross Value Added** and **productivity** at the end of 2023 will still be lower than before the pandemic.

## Predicted percentage change in productivity, employment and GVA in Wales compared to Q4, 2019



Source: National Institute of Economic and Social Research, [National Institute UK Economic Outlook February 2021](#)

### What are the challenges in supporting businesses to recover?

Some key economic sectors have been required to close for some or all of the past year. Long-term support will be needed to help these sectors get back to full strength – the Federation of Small Businesses Wales has **pointed to** the particular needs of the tourism sector which is “facing three winters”. More detail is available in our article on hard-hit sectors.

The recovery will also need to address underlying challenges. Wales has **historically had** a lower level of business start-ups than the UK average. Professor Dylan Jones-Evans has **called for** the new Welsh Government to focus more closely on entrepreneurship as there is “overwhelming evidence that new firms not only create the majority of new jobs in any economy but especially during a recession”.

Wales has **lower productivity** than other parts of the UK, with output per hour being 17% below the UK average in 2018. Professor Andrew Henley **believes that** Wales has tended to see tackling low productivity as “too difficult a challenge to address”, and that “in the long run, productivity is really important, and so we have to look at how we’re going to address this challenge”. He highlights that spending on innovation and skills will be critical, particularly to support small businesses and microbusinesses.

## What impacts on different groups will need to be addressed?

The Centre for Economic Performance at the London School of Economics **found** that previous recessions disproportionately impacted the youngest, the poorest, and ethnic minorities. This has also been the case during the pandemic.

Young people **in Wales** were the most likely to work in a ‘shutdown sector’ before the pandemic, and also to be **furloughed**. There’s concern that we may see a **‘scarred generation’** that experiences long-term effects of youth unemployment. The Fifth Senedd’s EIS Committee **called for** the next Welsh Government to consider introducing a Youth Opportunity Guarantee for 16-24 year olds to help tackle youth unemployment.

The Resolution Foundation **found that** low-paid workers are “more likely to have lost their job, or hours and pay, or to have been furloughed”. The Fair Work Commission, established by the previous Welsh Government, **made wide-ranging recommendations** to deliver fair work. However, the pandemic has added to the challenges many low-paid workers were already facing, and the Wales Trades Union Congress has **outlined** further ways that it believes the next Welsh Government should deliver fair work.

Professor Emmanuel Ogbonna's **report** for the previous Welsh Government outlined employment and income inequalities that ethnic minorities face. The Wales Centre for Public Policy **has proposed actions** to address these, including improving workplace representation and progression, tackling workplace discrimination, and addressing the ethnicity pay gap. The previous Welsh Government **consulted on its draft Race Equality Action Plan**, but it’s for the next government to decide how to take this forward.

Redundancies in **previous recessions** have tended to be in sectors that mainly employ men. However, women represent 45% of those who have been **made redundant** since the start of the pandemic, compared to around a third of those made redundant following the 2008 recession. Women have also been **more likely** than men to work in a 'shutdown sector', and since July 2020 more women **have been furloughed** than men. Chwarae Teg has **called for** a feminist economic recovery, which recognises that care is as important as the production of goods.

## What opportunities are there to change how the Welsh economy works?

Professor Gillian Bristow and Dr Adrian Healy **state that** building a more diverse economy, place-based development and local ownership will build long-term resilience to future shocks. They say that addressing long-term challenges such as the wellbeing of future generations and shifting to a zero-carbon economy would also build resilience.

There's consensus around the need for a 'green recovery', but different views on what this means in practice. The Confederation of British Industry Wales has **called for** green infrastructure investment to be prioritised through retrofitting homes and developing electric vehicle charging networks.

RSPB Cymru **believes that** a green recovery should support the natural environment to recover and resources to be managed sustainably. The Future Generations Commissioner **has highlighted** the importance of focusing widely across a number of areas and investing in skills for new green jobs.

The previous Welsh Government **sought to use** the foundational economy to "build resilience in our local economies, to create better jobs closer to home and to build stronger local businesses". But barriers will need to be removed to achieve this – such as reforming procurement, and addressing **low pay and insecure working conditions**.

It's clear that there are significant short and long-term challenges facing the Welsh economy, and that these will be particularly acute in some sectors. However, there are also undoubted opportunities to improve the way that the economy works for all.

There are also a number of questions to which answers will emerge over coming years. What impact will **greater remote working** have on commuting and work patterns, and how will this affect our town and city centres? What does the future hold in terms of automation and artificial intelligence, and how might these impact on productivity and jobs? The next Welsh Government will need to respond to developments in these areas as well as securing economic recovery.

## Key sources

- Chwarae Teg, **A Feminist Economic Recovery Plan for Wales: Building Back Better from Covid-19** (2020)
- Economy, Infrastructure and Skills Committee, **Long-term recovery from Covid-19** (2021)
- Federation of Small Businesses Wales, **Our Business is Wales** (2020)
- Future Generations Commissioner, **Manifesto for the future** (2020)
- Professor Emmanuel Ogbonna for the First Minister's Black, Asian and Minority Ethnic COVID-19 Advisory Group: **Report of the Socioeconomic Subgroup** (2020)
- Welsh Government, **Economic resilience and reconstruction mission** (2021)

## Supporting the recovery of hard-hit sectors

The economic impacts of the pandemic have not been shared equally across all parts of the economy. With many sectors still facing significant challenges, what can the new Welsh Government do to support them?

### **Ben Stokes**

The restrictions needed to curb the spread of COVID-19 have forced changes to the way we live, work, socialise and spend our free time. With huge numbers of businesses forced to close for long periods and others facing significant loss of trade, government has stepped in to furlough staff and attempt to support whole sections of the economy in a way never seen before.

But while this level of government support has no doubt had a significant positive effect in **safeguarding jobs**, the effects of the past year and the potential need for continued restrictions on some activities are likely to have a combined impact that will be felt for years to come. And just like the health impacts of COVID-19 have affected different groups of people in different ways, the economic impacts have not been shared equally across all sectors.

### Which sectors have been hit hardest by the pandemic?

Some of the hardest hit sectors are those that depend on members of the public mixing together, indoors, in close proximity. All of which are activities that have been either severely restricted or prohibited in law for much of the past year. For example, the effects of these restrictions have fallen heavily on businesses and organisations in the culture sector (such as theatres and live music venues) and those in the non-essential retail, hospitality, leisure and tourism (NERHLT) sectors.

During lockdowns Welsh retailers have been **losing £100 million a week in sales**. While overall, last year saw the **worst ever retail sales figures** with shopper footfall decreasing by over 50%.

In 2020 the hospitality sector suffered a **drop in sales of over 50%** across the UK. The latest available figures for Wales show **economic output** in the 'accommodation and food service activities' sector fell by 76.3% in Quarter 2 (April to June) 2020 compared to the previous quarter.

**Recent research** found that around a quarter of businesses in the tourism sector in Wales lost over 80% of their normal revenue in 2020, while over half of the businesses in the sector have seen revenues fall by more than 60%. Highlighting the immense challenges faced by the sector, the research reports that only 43% of tourism businesses expect to survive for longer than the next six months.

Since March 2020, artistic performances with an audience have been prohibited in Wales. This is **in contrast** to England and many other European nations who have, at times, allowed performances to take place.

Along with restrictions that have struck at the heart of the way many cultural activities usually operate, UK Government employment support schemes have often not reflected the employment structure of the sector. Around **half of the 80,000 creative workers** in Wales are freelancers and at times these individuals have fallen through the gaps in support. A point recognised by the previous Welsh Government via the establishment of a **Freelancer Fund**.

## How did the last Welsh Government support these sectors?

Since the start of the pandemic the Welsh Government has put together a **support package** for businesses **worth more than £2 billion**. This is on top of the vast sums that have come from the UK Government direct to businesses and individuals in Wales via the **furlough and self-employment income support** schemes.

Towards the end of the Fifth Senedd the previous Welsh Government's specific **support for NERHLT businesses** and those in the supply chain, centred on successive rounds of grants to help businesses that had closed or been materially impacted as a result of lockdown restrictions.

In March 2021, the previous Welsh Government also **announced an extension** to the existing business rates holiday for the retail, leisure and hospitality sector so that more than 70,000 businesses in those sectors will continue to pay no rates at all in 2021-22.

In July 2020, the previous Welsh Government announced the creation of a Cultural Recovery Fund to provide essential support to the sector. By **November 2020** over £63 million had been allocated to the Fund. And by March 2021 the Freelancer Fund had provided £18 million of support to 3,500 creative sector freelancers.

In March 2021, the Fifth Senedd's Culture, Welsh Language and Communications (CWLC) Committee **heard** that the Welsh Government was "hoping to receive £24 million in consequential funding" following the UK Government's **announcement** of additional support for theatres, museums and other cultural organisations in England.

The Committee **also heard** from Welsh Government officials that the additional funding announced by the UK Government "follows the road map" that it has set out for **emerging** from the current lockdown in England.

This raises an important question, that also applies to other sectors. That is, if the new Welsh Government follows a slightly different **road map** out of lockdown to that of the UK Government, and chooses to re-open some sectors at a different pace to England, how will this affect the level of financial support they will be able to provide?

## Early decisions needed from the new Welsh Government

After considering what Welsh Government action will be needed to support economic recovery, the Fifth Senedd's Economy, Infrastructure and Skills (EIS) Committee **concluded that** businesses which have felt the worst effects of the pandemic will need a "stronger and longer pandemic exit strategy than the rest of the economy".

Similarly the **Welsh Retail Consortium** has stressed that the new Welsh Government "will need to make brave and bold choices" to help the retail sector "weather the storm".

In policy terms, phrases like 'brave and bold' and 'stronger and longer' usually translate in practice to mean one thing: 'expensive'. Other sectors, such as aerospace, **manufacturing and steel**, will no doubt also be looking for the new Welsh Government to bring forward interventions in the coming year that could be described in a similar way.

The new Welsh Government will have difficult choices to make in terms of where it prioritises any future support. The previous Welsh Government took 18 months after the last election before it **set out** its new approach to business support. The new Welsh Government however won't have the same luxury of time. It will need to make these decisions very early on - pretty much on day one of taking office.

## Key sources

- Economy, Infrastructure and Skills Committee, **Long-term recovery from COVID-19** (2021)
- Welsh Government, **Economic resilience and reconstruction mission** (2021)
- Welsh Government, **Let's shape the future** (2021)

## Poverty and supporting low-income households

Before the pandemic almost a quarter of people in Wales lived in poverty. The past year has hit the poorest the hardest, so how can the next Welsh Government address this?

### **Gareth Thomas**

Tackling poverty has been a perennial challenge for successive Welsh Governments, and will continue to be with the pandemic having exacerbated existing inequalities. The Fifth Senedd's Equality, Local Government and Communities (ELGC) Committee **concluded** that during the pandemic poverty has been a key factor in determining how likely people are to lose their jobs or income, fall behind in their education, and even how likely they are to die from COVID-19.

The Institute for Fiscal Studies **warned that** the slowdown in the economy will “undoubtedly have a large negative impact on household incomes over the coming years” as workers lose their jobs, and earnings fall.

### **What is poverty?**

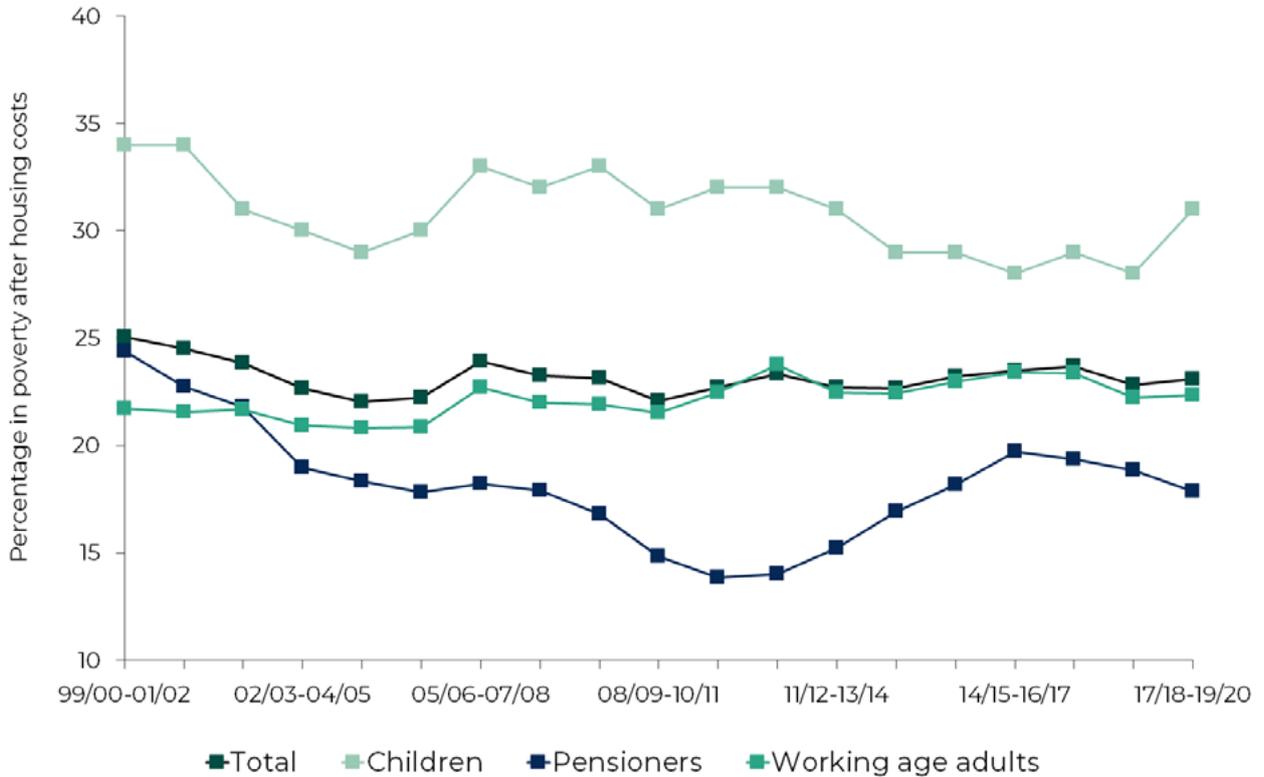
A person is considered to be in poverty if their household income falls below 60% of the UK median (which is the middle value in a list of numbers that have been arranged from smallest to largest).

The median weekly household income in the UK is £476 after housing costs, and 60% of this is around £286.

### Poverty trends before the pandemic

Poverty has remained stubbornly high over recent years, with Wales having the highest poverty rate of the UK nations prior to the pandemic. Children are more likely than other age groups to be in poverty, with 31% living in poverty – the only age group to see an increase in the latest figures. Chwarae Teg **noted that** women and single parents are also more likely to be in poverty.

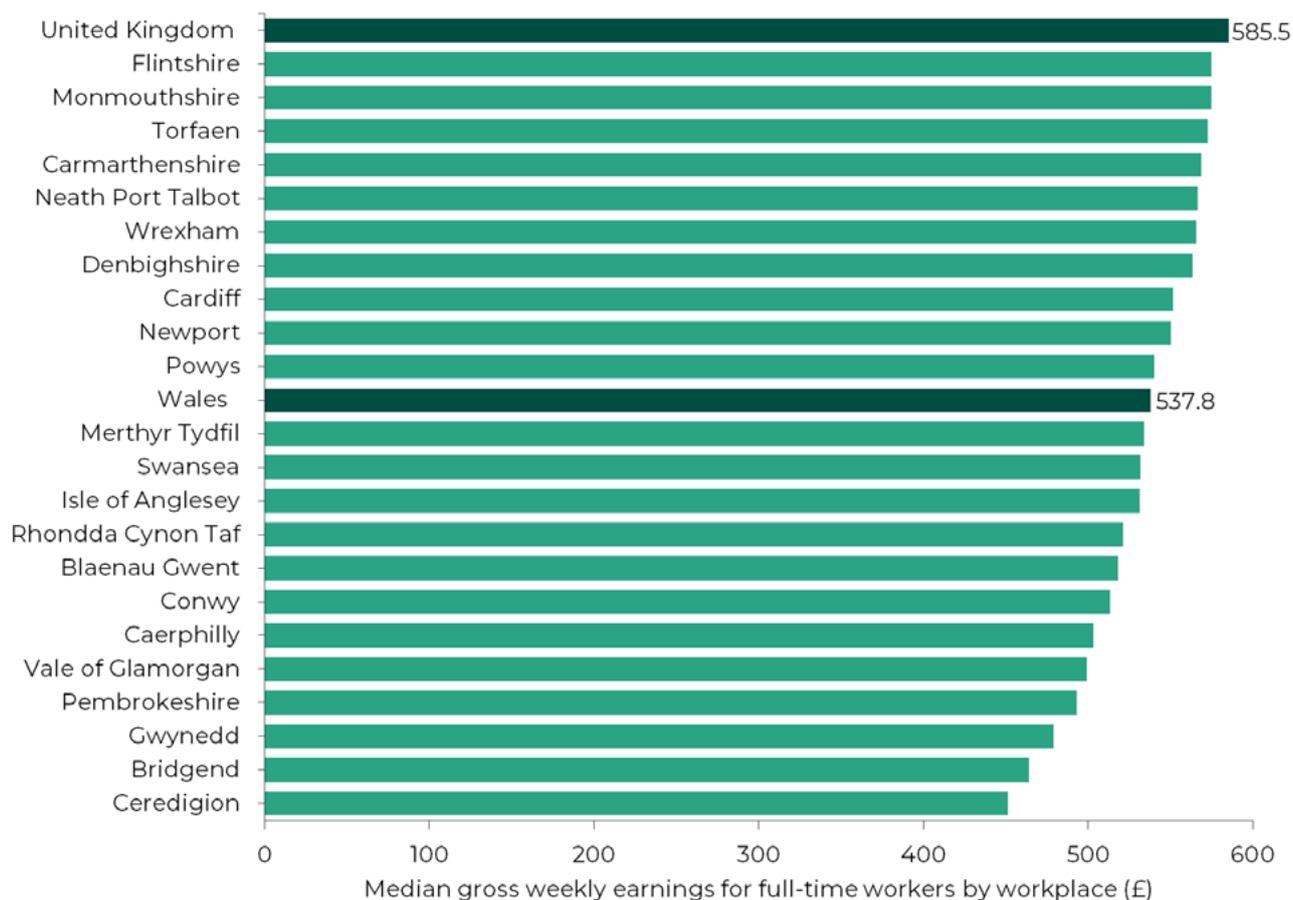
**Percentage in poverty after housing costs in Wales, 1999/2000 – 2001/2002 to 2017/2018 – 2019-2020**



Source: Department for Work and Pensions, Households below average income, 1994/95 to 2019/20

In April 2020 wages in Wales were lower than in all other parts of the UK except for Northern Ireland and North East England, contributing to the relatively high levels of in-work poverty identified by the Joseph Rowntree Foundation. People working full-time in every Welsh local authority had median weekly pay lower than the UK average.

## Median gross weekly earnings for full-time workers by workplace, April 2020



Source: Office for National Statistics, [Employee Earnings in the UK: 2020](#)

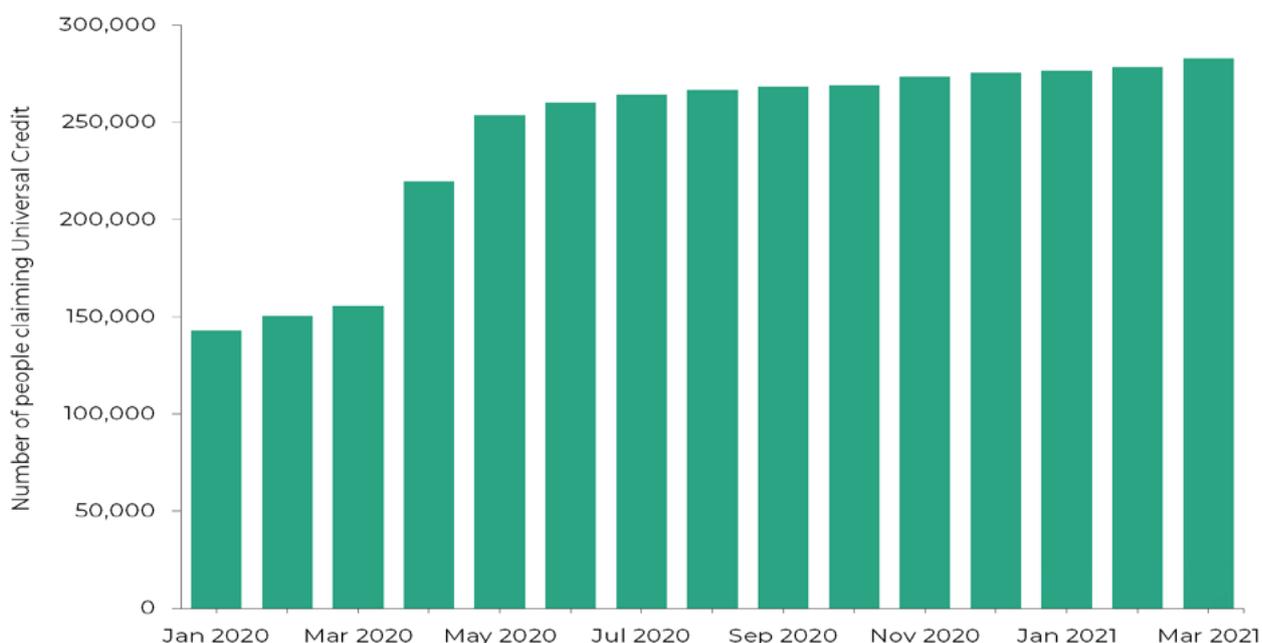
At the start of the pandemic, 22% of those working in Wales **earned less** per hour than the 'real' **Living Wage** with part-time workers and women particularly likely to do so. Many workers in key sectors such as social care and food retail earn less than the Living Wage, with the Resolution Foundation **highlighting that** this is the case for over half of frontline care workers.

### The impact of the pandemic on low-income households

People from low-income households have been **most likely** to lose their jobs, lose income or to be furloughed since the start of the pandemic. The Resolution Foundation **found** that over 40% of the lowest earners had been affected in these ways, double the percentage of the highest earners. The Bevan Foundation **highlighted that** a quarter of Welsh households have seen their income fall during the pandemic, while at the same time living costs have increased for more than four in ten households.

Consequently, the number of people claiming social security benefits which support those on low incomes has increased considerably. In February 2021 over 125,000 more people in Wales were **claiming Universal Credit** than at the start of the pandemic, with much of this increase happening between March and May 2020. The UK Government has **temporarily increased** Universal Credit by £20 per week until the end of September 2021, however it is unclear what will happen after this.

### **Number of people claiming Universal Credit in Wales, January 2020 to March 2021**



Source: Department for Work and Pensions, [Stat-Xplore Universal Credit data tables](#)

There have been almost 160,000 COVID-related payments through the Welsh Government's **Discretionary Assistance Fund** since the start of the pandemic. The number of payments was at its highest in February 2021 – mainly due to people stopping or reducing work, delays to benefit claims or increased costs of living. Given that the fund has been considerably scaled up, the next Welsh Government will need to consider its future role.

Debt is likely to become a bigger problem in the coming months, as support schemes and **eviction bans** come to an end. Citizens Advice Cymru **estimated that** people in Wales have built up £73 million worth of household bill arrears during the pandemic, with the largest sources of arrears being rent and council tax. The Bevan Foundation **found that** low income households have been most likely to borrow during the pandemic, with over a quarter of the poorest households having borrowed from friends and family or gone into their overdraft.

The Bevan Foundation also found that more than a quarter of low income households have **responded to** difficult financial circumstances by cutting back on spending on food for adults. **Food banks** and the **Welsh Government** have stepped in to provide additional food to people shielding and those in need. However, with many poorer households **expecting** to have to make further cutbacks in future the next Welsh Government will need to consider what action to take to support them.

## What can be done to reduce poverty within the devolution settlement?

While Council Tax Benefit and the Discretionary Assistance Fund were devolved to Wales as part of UK Government welfare reforms, social security is predominantly non-devolved, with decisions being taken by the UK Government. Similarly, employment law is not devolved meaning that there are limits to the levers the Welsh Government can use to reduce poverty.

The Fifth Senedd's ELGC Committee **recommended** that the Welsh Government should seek full devolution of **Discretionary Housing Payments** and explore the possibility of devolving other benefits, along with powers to top-up reserved benefits and create new ones.

A range of Welsh Government schemes operate alongside the social security system to provide assistance to people on low incomes. The Bevan Foundation and Joseph Rowntree Foundation have both **called for** the next Welsh Government to enhance these schemes to create a 'Welsh Benefits System'. This would provide a single point of access for people on low incomes, and prioritise help with housing and education costs and emergency support.

To improve the economic position of those in low-paid work, the next Welsh Government will need to consider how the Fair Work Commission's **recommendations** fit into its overall approach, and how it wishes to respond to issues facing low-paid workers that emerged during the pandemic.

The previous Welsh Government introduced an **Economic Contract** with fair work as one of its requirements for businesses seeking investment, which the Wales TUC **believes** should be strengthened. FSB Wales has **called for** the next government to start a business-led campaign to help firms understand how fair work can operate alongside growing a business. The previous Welsh Government also published a **draft Social Partnership and Public Procurement Bill**, which would require the Welsh Government to set and achieve fair work objectives, and seek to use procurement to promote fair work and well-being.

To seek to deliver better outcomes for people on lower incomes, the previous Welsh Government introduced the **Socio-Economic Duty** from 31 March 2021. This requires public bodies covered by the duty to consider how their strategic decisions can help to reduce socio-economic inequalities by understanding potential impacts, and consulting with those impacted by decisions. While it is difficult to assess the impact of equality duties, this new tool has the potential to change how public bodies make decisions.

The key question for the next Welsh Government will be how effectively it can use these levers to help address widening inequalities resulting from the pandemic, while operating in the context of wider UK Government policy.

### Key sources

- Bevan Foundation, **Transforming Wales: how Welsh public services and benefits can reduce poverty and inequality** (2020)
- Equality, Local Government and Communities Committee, **Into sharp relief: inequality and the pandemic** (2020)
- Institute of Fiscal Studies, **Living standards, poverty and inequality in the UK: 2020** (2020)
- Joseph Rowntree Foundation, **Poverty in Wales 2020**
- Wales Centre for Public Policy, **Promoting equality and supporting vulnerable groups** (2021)
- Welsh Government, **Socio-economic Duty: An overview** (2020)



# Communities

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- Homelessness: from crisis to opportunity
- Putting the 'public' back into public transport
- Is a million Welsh speakers by 2050 achievable?



## Homelessness: from crisis to opportunity

Has the pandemic given Wales a chance to end homelessness?

### ***Megan Jones and Jonathan Baxter***

Homelessness and rough sleeping were already high on the political agenda in the Fifth Senedd. There was **new legislation** with more focus on prevention, a **Senedd committee inquiry** into rough sleeping, a new **homelessness strategy from the Welsh Government** and Crisis published its **plan to end homelessness**.

By 2019, an expert **Homelessness Action Group** was advising the government and a **review** was commissioned of the 'priority need' test that determines how much help a person who is homeless gets. A campaign for a legal **right to adequate housing** was up and running. The direction of travel was clear. But it's the public health emergency that has speeded up the journey.

### Doing things differently

**£10 million** of Welsh Government funding in March 2020 kickstarted the emergency response to homelessness during the pandemic. New **statutory guidance** to local authorities said people should get temporary accommodation if they needed it, and the additional funding ensured this happened. The new guidance was clear that local authorities should do all they could "to ensure no one is sleeping rough". In effect, the guidance was removing legal barriers that had previously restricted who had the right to get help. The then Minister, Julie James, was clear that no one should be without suitable accommodation and support.

### Somewhere to 'stay safe'

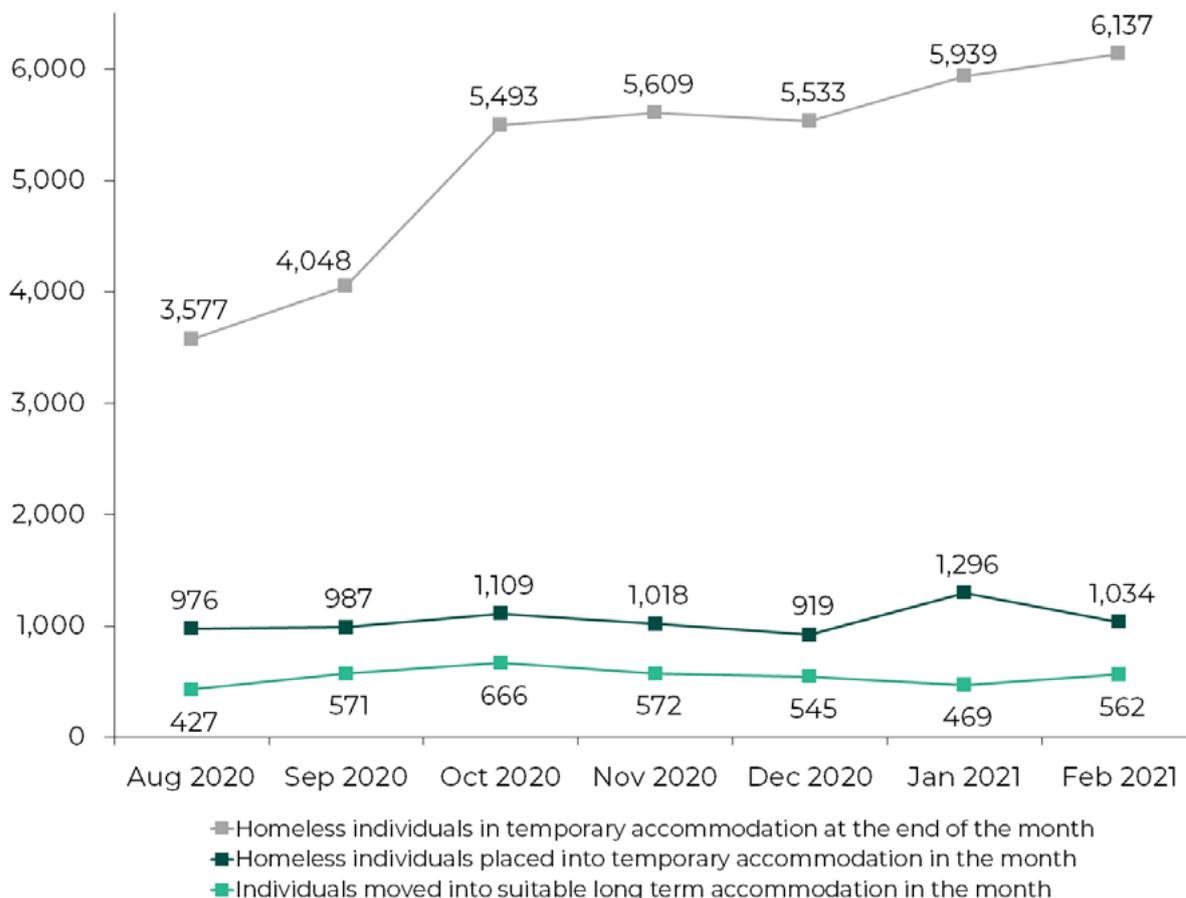
By June 2020, **over 2,000 people** had been moved into emergency temporary accommodation. In addition to people who would have been considered a priority before the pandemic, like families with children, other groups were given shelter. So people sleeping rough or living in unsuitable, unsafe, insecure accommodation were offered a temporary home and support. Gone was the offer of a floor to sleep on in a night shelter or a shared room in a hostel. Having to 'sofa surf' was no longer the best people could hope for.

Local authorities worked with housing associations, third sector organisations and private landlords to help people into accommodation and to provide the support services they needed. Working with new partners, local authorities secured self-contained accommodation in hotels, holiday lets and student accommodation – accommodation that would otherwise be closed commercially because of the COVID-19 restrictions.

The initial effort to save lives appears to have paid off. Up to 26 June 2020, the Office for National Statistics **found** there were no deaths registered in Wales from COVID-19 of people who were identified as homeless. But re-housing so many people has created huge pressures on temporary accommodation.

At the end of February 2021, just over 6,000 homeless people (including nearly 1,300 dependent children under 16) were living in temporary accommodation.

**Homelessness: Individuals in temporary accommodation at the end of each month, individuals moved into suitable long-term accommodation during the month and people placed into temporary accommodation during the month**



Source: [Welsh Government, Homelessness accommodation provision and rough sleeping](#).

The data has not undergone the same level of quality assurance as official statistics and may be revised in future.

**A long-term solution**

Homelessness isn't just about housing. But increasing the supply of **affordable housing** is vital to easing pressures on temporary accommodation and to preventing homelessness in the first place. Additional affordable homes are needed, including more social rented homes. Homes of the right size and in the right place. Smaller homes for the many single people experiencing homeless, along with larger homes needed for extended families. And more homes are needed that better meet the needs of disabled people.

### What is rapid rehousing?

Moving people into settled, secure and suitable homes as quickly as possible as the default solution when homelessness cannot be prevented.

Increasing the supply of affordable housing will take a range of national, regional and local solutions that address the specific needs of communities. Solutions that can help rural communities where few new homes are built and where there may be local pressures from the numbers of **second homes**. And community led solutions, like **co-operative models**, that can work in both rural and urban contexts.

The pandemic may have presented an opportunity to end homelessness and to put housing at the centre of the **recovery**. A recovery that delivers **modern**, energy efficient **low-carbon** affordable homes, **improves existing homes** in the public and private sector and brings **empty homes** back into use. And all this has the potential to provide not just homes, but jobs and training opportunities.

### What does ending homelessness look like?

The previous Welsh Government established an expert group in 2019 to answer this question. The **Homelessness Action Group** engaged with the sector, support providers, academics and people with lived experience of homelessness.

The Action Group's **second and main** report set a framework of policies, approaches and plans with the aim of ending homelessness. It's clear the group's work has shaped the response to the pandemic.

By July 2020 an extra **£50 million** had been made available by the Welsh Government to support **phase 2** of the homelessness response and the transformation of services. The aim was to move away from a reliance on unsuitable temporary accommodation and towards a rapid rehousing approach as called for by the Action Group.

Highlighting the links between homelessness and wider social issues, the Action Group's recommendations call for universal prevention. This is based on the idea that homelessness isn't a stand-alone issue and that factors like poverty and a wide range of **adverse childhood experiences** need to be addressed to "lay the foundations for ending homelessness".

It calls for prevention to be targeted at certain groups proven to be at greater risk, such as vulnerable young people and people leaving care or prison. It also wants the legal duty to prevent homelessness to be extended across the wider public sector, not just placed at the door of housing services.

In the **third and final report**, the Action Group sets out practical recommendations aimed at putting 'rapid rehousing' at the heart of the system for tackling homelessness, building on the pandemic response. It also focuses on partnerships needed across public services to end homelessness in a strategic, planned way and the impact of UK policy, like welfare reform.

## New challenges

The Homelessness Action Group has set out the steps it sees as necessary to end homelessness. Will the new Welsh Government seek to implement those recommendations through an action plan, or will it put forward alternative proposals? Can the new government build on the achievements of the last year?

The next few months will present some major new challenges in this policy area:

- Will there be a surge in demand placed on homelessness services when the current suspension of evictions is lifted?
- Will the full economic impact of the pandemic result in more job losses and homelessness?
- How will local authorities manage the growing pressure on temporary accommodation?
- Will there need to be a return to the pre-pandemic approach of rationing access to temporary accommodation?

It's widely recognised that homelessness and inadequate housing directly impacts on inequalities, health, education and the life chances of current and **future generations**. The challenge for the next Welsh Government is to provide the leadership that the Homelessness Action Group says is essential to deliver the homes, homelessness prevention and **support services** that are needed.

The previous Welsh Government said homelessness should be **“rare, brief and un-repeated”**. This pandemic appears to have provided the best opportunity to make that aspiration a reality. The big question is whether it can actually be achieved during the Sixth Senedd.

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- Crisis, **Everybody in: How to end homelessness in Great Britain** (2018)
- Homelessness Action Group, **The framework of policies, approaches and plans needed to end homelessness in Wales (What ending homelessness in Wales looks like)** (2020)
- Welsh Government, **Homelessness accommodation provision and rough sleeping**
- Welsh Government, **Homelessness strategy** (2019)

## Putting the 'public' back into public transport

Bus and rail services are having a tough time in the pandemic. How can Welsh transport policy put them back on their feet and why does it matter?

### **Andrew Minnis**

The performance of bus and rail services has been a concern for years. However, the pandemic has seen a collapse in passenger numbers and revenue. Both modes have been on life support since last March.

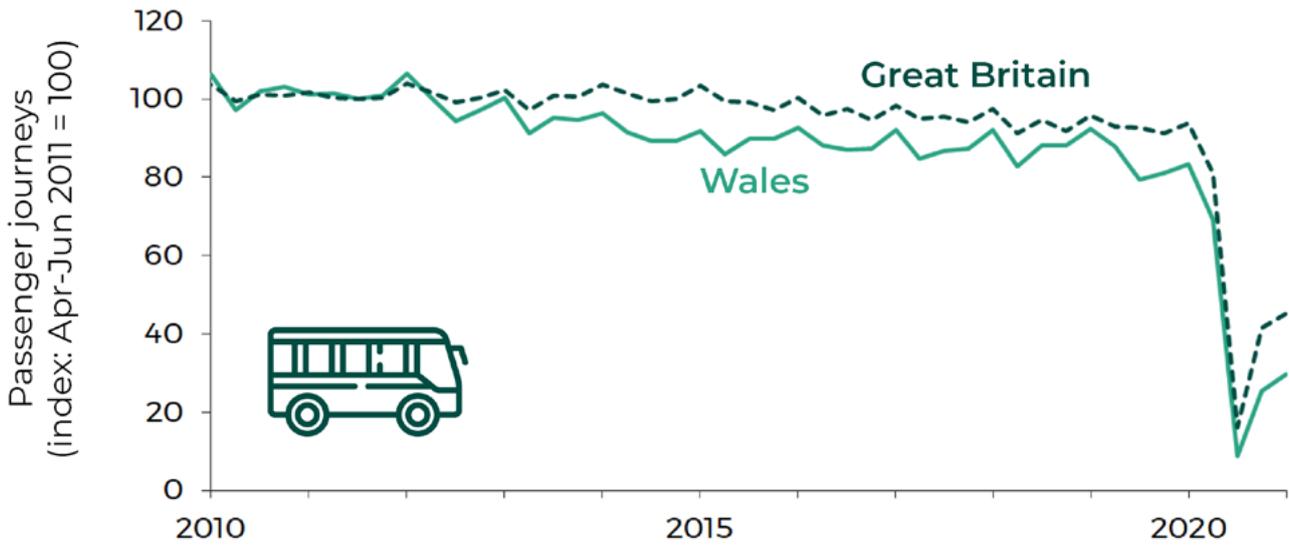
Recovery of the sector will be important if Wales is to achieve some key socio-economic and environmental priorities. Yet future demand, and even the post-pandemic purpose of these transport modes, is unclear.

An effective response from policy makers and practitioners in the Sixth Senedd will be crucial to get public transport back on the road (and rails) to recovery.

### What's happened to passenger numbers?

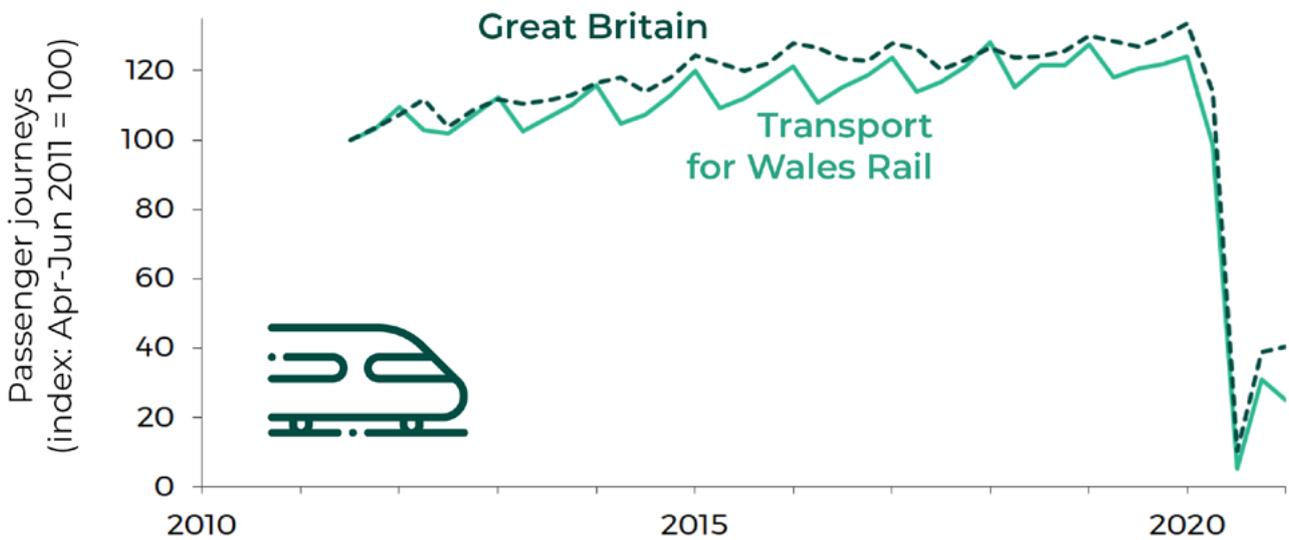
Public transport issues are not new. **Bus passenger numbers** have declined for about a decade. In contrast, rail passengers **have grown steadily**, but overcrowding and aging trains have dogged **Arriva Trains Wales**, and **subsequently Transport for Wales (TfW) Rail**.

**Passenger journeys on local bus services index April-June 2010 to October – December 2020**



Source: [Quarterly bus statistics, UK Department for Transport](#)

**Rail passenger journeys index for Transport for Wales and Great Britain April-June 2011 to October – December 2020**



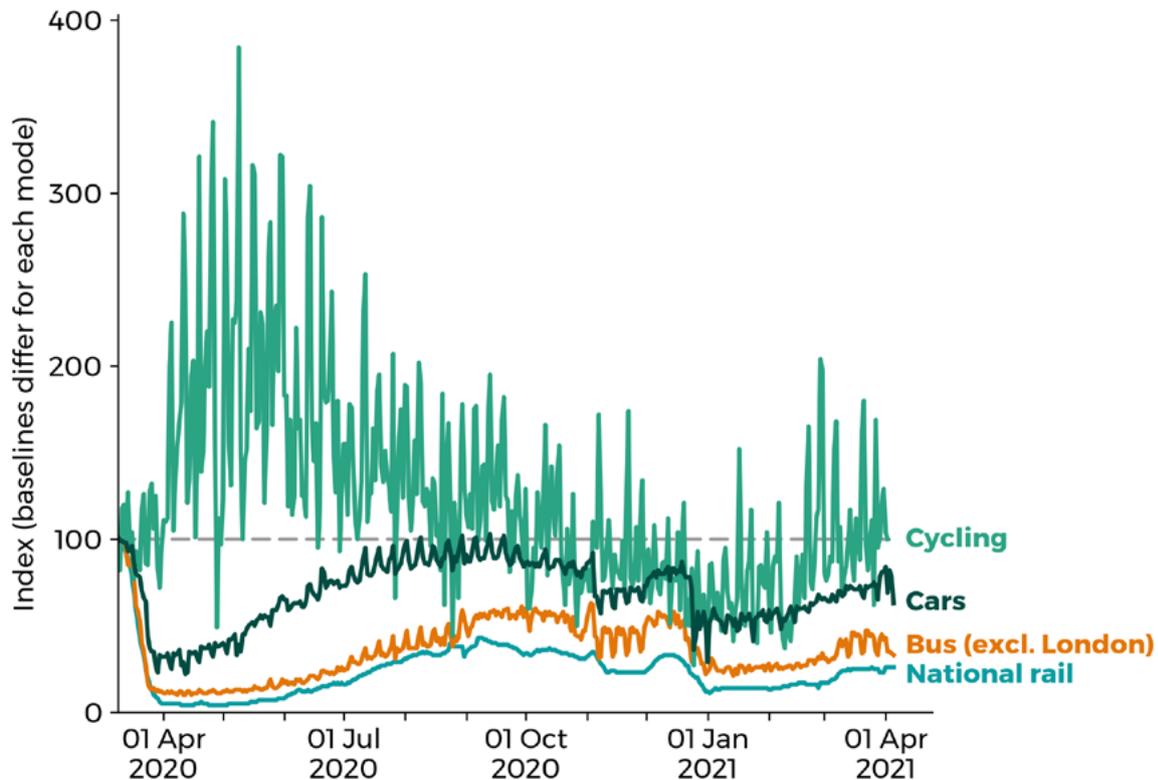
Source: [Passenger rail usage, Office of Rail and Road](#)

The pandemic's impact has been shattering. Bus and rail passenger numbers have collapsed. The Welsh Government has **estimated** that the use of public transport declined by 95% in the early days of the pandemic compared to the same period the year before.

Given the impact on congestion and the environment, it's also concerning that car usage, for Great Britain as a whole, has recovered much more rapidly than bus

and rail – a fact attributed **by RAC research** partly to safety concerns and lack of adequate alternatives.

### **Estimated use of transport modes in Great Britain since March 2020**



Source: **Transport use during the coronavirus (COVID-19) pandemic, UK Department for Transport**

Note: The UK Department for Transport **published a note on methodology for this data** outlining its limitations. Baselines differ for each mode.

### **Why does public transport matter?**

**Public transport helps address** key socio-economic issues like social inclusion and access to work. **A quarter of households** lack car access and the Bevan Foundation has highlighted public transport's role in supporting social inclusion including **for older people** and **those on low incomes**.

**Evidence to the Senedd's Petitions Committee** said one in five job offers at Deeside Industrial Park are turned down because of poor public transport or road congestion.

Public transport has environmental benefits. **Road transport is a significant cause** of air pollution and poor air quality, so **low emission buses** and **rail**

**services** can improve air quality. In terms of climate change, the **UK Climate Change Committee** highlights, in its latest advice report to the Welsh Government, that surface transport more generally contributes 14% of Welsh greenhouse gas emissions, higher per capita than for the UK as a whole. The CCC identifies public transport and active travel as priorities for Welsh decarbonisation.

## Public transport on life support

The last Welsh Government responded to the collapse in passenger numbers by immediately putting bus and TfW Rail services **on life support**, with an initial round of emergency financial support in March 2020.

Further **support for rail followed** last May before **the Welsh Government announced** in the autumn that TfW would take rail services into public ownership as “operator of last resort”. A move **expected to last at least five years**.

Initial support for bus services merged with wider reform priorities to become a new **Bus Emergency Scheme**.

### Bus reform

With plans for a **Bus Services Bill** shelved due to the pandemic, the last Welsh Government introduced the **Bus Emergency Scheme**, combining emergency funding with an increased role for local government and TfW in planning networks.

The **previous Welsh Government** anticipated this increased role for government would endure, and also **continued to develop legislation** for its successor to consider. In contrast **bus operators anticipate** a return to a “commercial” network, less dependent on public funding, and view legislation as unnecessary.

Together, both modes received about **£200 million of additional Welsh Government funding** in 2020-21, with more to come in 2021-22.

## What's the plan for recovery?

**Many countries and cities** are focusing transport recovery on sustainable mobility, including public transport. In Wales, and more widely in Great Britain, NGOs like **Transport Focus**, the **Campaign for Better Transport** and **Transform Cymru** have published post-COVID-19 priorities supporting this approach.

The previous Welsh Government published a **new Wales Transport Strategy** in March which reflects its wider **post-COVID-19 reconstruction priorities**. The strategy prioritises reducing the need to travel, along with a shift from the private car to more sustainable modes. Significantly, it includes a target to increase the share of journeys by public transport and active travel from 32% to 45% by 2040.

Along with bus reform, the success of the **three planned Metro systems** will be crucial to public transport recovery, as will plans to address M4 congestion around Newport and new transport governance arrangements.

### **The future of the M4 corridor around Newport**

**The Burns Commission** published final recommendations on alternatives to **the M4 relief road** last November, focusing on **public transport**. Though **accepted by the last Welsh Government**, these require investment in non-devolved rail infrastructure.

The **UK Government has announced funding for exploratory work** on Lord Burns' rail recommendations. However, the **Prime Minister supports a relief road**, and the **Secretary of State has described it** as “the most obvious” solution to congestion.

### **Transport governance**

**Corporate Joint Committees** (CJCs) are being established to deliver some Welsh local government functions regionally, including transport planning.

**The last Welsh Government** saw its transport body, TfW, as a “go-to” delivery body for these CJCs. Yet local government **has not always been clear** on the relationship between TfW and proposed regional transport structures.

This relationship will be crucial to achieving the aims of the new transport strategy and public transport recovery.

However, not all policy levers currently sit within Wales. In particular, UK Government plans to reform rail in Great Britain could have big implications for Wales.

### Rail reform

While the Welsh Government **has executive powers**, rail is largely reserved. The UK Government has overall control of the rail system, including Welsh rail infrastructure outside the **Core Valleys Network**.

**The last Welsh Government** believed Wales has been short changed on rail infrastructure enhancement spending, and developed a **strategic case for investment**.

The UK Government **announced a “root and branch” rail review** in 2018 and in September last year **the Secretary of State** said a White Paper on the future of rail in Great Britain was on its way within 18 months.

### A new purpose for public transport?

Once the crisis point has passed, the question of what post-pandemic public transport will look like will remain.

**The previous Welsh Government highlighted** uncertainty around the pandemic's impact on future travel demand. **Public opinion surveys** and **work by Transport Focus** suggest a long-term change in travel habits and demand, not least if remote working becomes more established **as the previous Welsh Government intended**.

The next Welsh Government's transport policy will need to ensure bus and rail services are able to adapt to their new purpose, if the ambitious targets in the new transport strategy are to be retained and met.

In doing so, it will also need to address perennial issues like integration with other modes, coordinating with trip generating policy areas like health and land-use planning, addressing congestion and managing demand.

The new Welsh Government will have its work cut out.

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- NatCen Social Research, **Transport and inequality: An evidence review for the Department for Transport** (2019)
- Committee on Climate Change, **The path to Net Zero and progress on reducing emissions in Wales** (2020)
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- Senedd Research, **The Welsh Government goes public on the future of Welsh rail** (2020)
- Transform Cymru, **A sustainable transport vision for a post-lockdown Wales** (2020)
- Welsh Government, **Llwybr Newydd: the Wales Transport Strategy 2021** (2021)

## Is a million Welsh speakers by 2050 achievable?

With an ambitious target to almost double the number of Welsh speakers within a generation, is action translating into results?

### **Osian Bowyer**

At the start of the Fifth Senedd, the previous Welsh Government took the bold step of announcing the ambitious goal of a million Welsh speakers by 2050. Looking to almost double the number of Welsh speakers in Wales, it marked a dramatic shift in policy direction.

### Cymraeg 2050 – a strategy for a generation

**Cymraeg 2050 – A million Welsh speakers** is a strategy that spans a generation, and has three key themes:

- increasing the number of Welsh speakers;
- increasing use of Welsh; and
- creating suitable conditions and an environment where the Welsh language and its speakers can thrive.

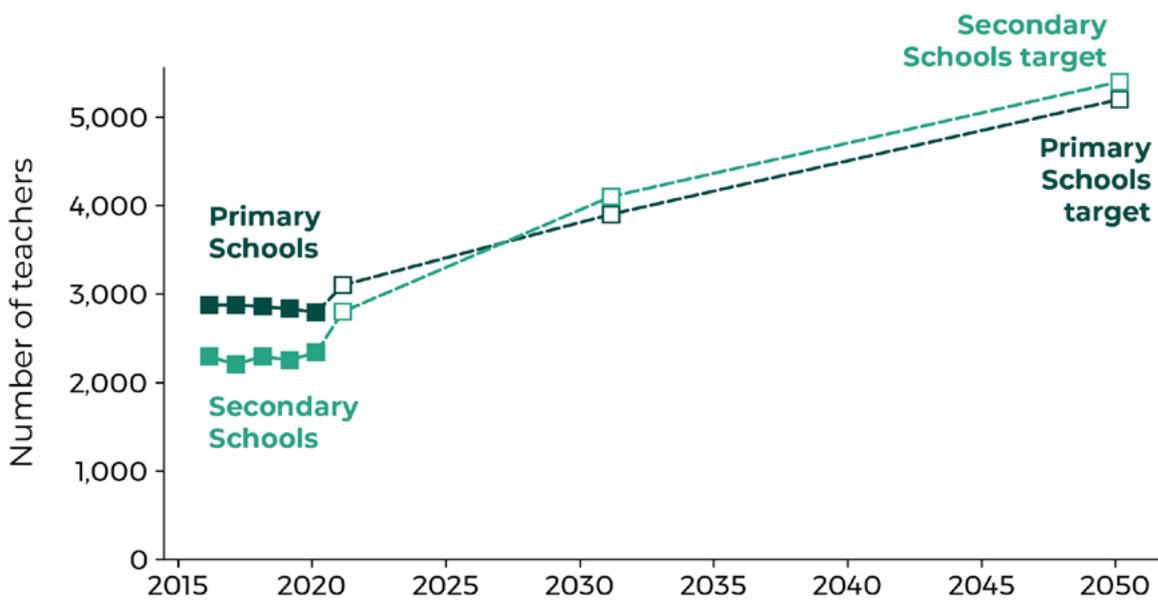
The Fifth Senedd's Culture, Welsh Language and Communications (CWLC) Committee found **widespread support for the 2050 target** and the aims within the strategy to achieve it. It noted that for the strategy to succeed, "considerable additional resources and clear targets" would be needed.

### Are the numbers heading in the right direction?

The previous Welsh Government didn't shy away from the central role the education system would play in creating the bulk of new Welsh speakers. After all, the **Welsh Language Use Survey 2013-15** found that 4 out of 5 children aged 3 to 15 mainly learnt Welsh at school or nursery.

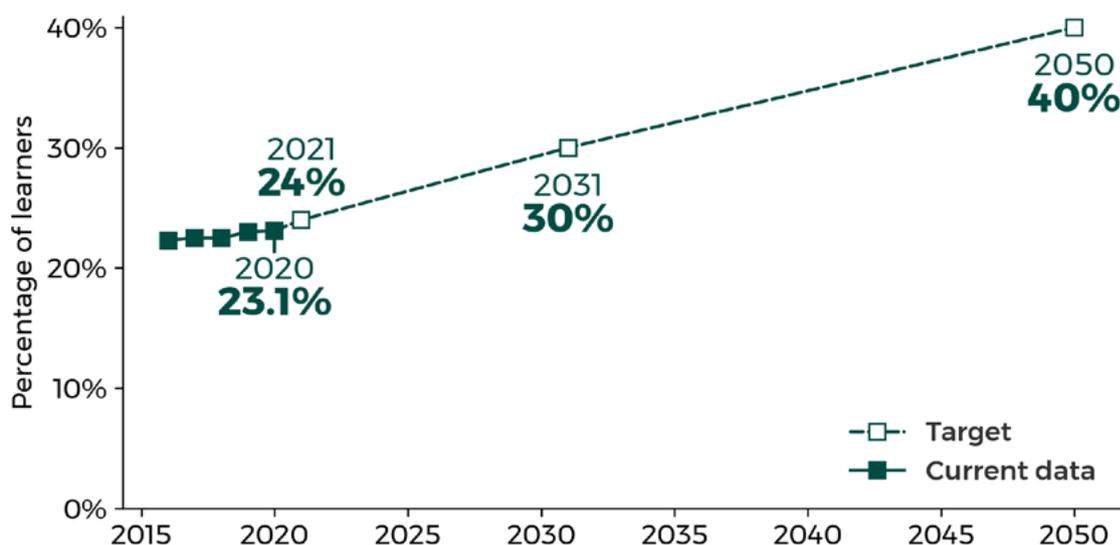
The strategy set challenging targets for the long and short-term. These include increasing the proportion of learners in Welsh-medium education and increasing the number of teachers able to teach through the medium of Welsh. The data shows limited progress to date – while the number of secondary school teachers able to teach in Welsh remained broadly consistent between 2016 and 2020, the number of primary school teachers able to teach in Welsh has declined slightly.

**Number of teachers able to teach through the medium of Welsh (primary and secondary school)**



Source: [Welsh Language Strategy: annual report 2019 to 2020](#) and [Cymraeg 2050: A million Welsh speakers](#)

**Percentage of Year 2 learners (seven years old) assessed in Welsh as a first language or who learn Welsh as a first language (School Census data – PLASC)**



Source: [Welsh Language Strategy: annual report 2019 to 2020](#) and [Cymraeg 2050: A million Welsh speakers](#)

There’s been better progress on the goal to create 40 new Cylchoedd Meithrin (Welsh-medium playgroups) by 2021. The previous [Welsh language Minister, Eluned Morgan](#), said in February 2021 that “by the end of this year [2021], we hope to have established 46 [Cylchoedd Meithrin], so we will have exceeded that target”.

Side-by-side with the increase in the number of Cylchoedd Meithrin is an increase in the number of children attending them – 10,724 in 2015-16 and 11,544 in 2019-20. There’s also a positive trend in the percentage of children moving from early-years settings into Welsh-medium primary schools (86% 2015-16 to 90% 2018-19). These are small gains however, and won’t by themselves achieve the inroads Cymraeg 2050 seeks to make.

At the other end of the educational spectrum, the [Coleg Cymraeg Cenedlaethol](#) (the Coleg Cymraeg) has rapidly built-up Welsh-medium provision within universities, providing more opportunities for students to study in Welsh. It now seeks to do the same in the post-16 sector. The Coleg Cymraeg notes in its [Further Education and Apprenticeship Welsh-medium Action Plan](#) that this sector “has not had the same strategic focus or investment compared with, for example, the Higher Education sector”.

Following calls for investment to develop post-16 Welsh-medium provision, the previous Welsh Government provided the Coleg Cymraeg with an **additional £800,000 for 2021-22**. Future investment will likely be required if Cymraeg 2050 targets are to be met.

### What about day-to-day use of Welsh?

Cymraeg 2050 sets out to double the percentage of people that speak Welsh on a daily basis from 10% (**Welsh Language Use Survey 2013-15 data**) to 20% by 2050. Increasing usage could be far more influential to language growth than the numbers that speak it. For a language to thrive, it must be used on a regular basis – whether that is in the home, the office, in the local shop, or with friends in the pub.

Providing spaces and opportunities for people to use Welsh, particularly within their local area and workplace is central to its viability and growth. Helping the network of organisations that support and promote the language within communities has never been more critical.

The pandemic has had a significant impact on the work of this network. **The effects of COVID-19 on Welsh language community groups** survey found that the vast majority (68%) of regular activities had ceased after the first lockdown was announced in March 2020. Some adapted their activities to digital formats, providing opportunities to engage differently with participants, and reach out to a wider audience.

### Supporting the language to grow?

Various interventions, resources and innovations are needed to help those learning the language and encourage its daily use. These can range from **policies that support jobs growth in Welsh speaking communities** to the development of the translation profession. The previous Welsh Government's **Welsh Language Technology Action Plan** supports innovative technology developments to assist and enable people to live their lives through the medium of Welsh.

There's also been investment in developing artificial intelligence to allow Welsh to be used with 'bots', for example. The hope is that in future, Welsh speakers will be able to use Welsh with their voice assistants, such as Siri and Alexa.

In March 2021, the previous Welsh Government launched a consultation on a **National policy on Welsh linguistic infrastructure**. The proposals seek to coordinate and make it easier for people to use Welsh language resources. This

may include developing dictionaries and terminology, or creating a central portal to access them. How that's taken forward will very much depend on the new Welsh Government.

## Will mainstreaming the language help?

For Cymraeg 2050 to succeed, it will require the new Welsh Government to embed the Welsh language across all policy portfolios. One criticism consistently raised during the Fifth Senedd was that the Welsh Government's Welsh Language Unit lacks 'clout' within the civil service. The Fifth Senedd's CWLC Committee inquiry on **Supporting and Promoting the Language** recommended that:

The Welsh Government should move to enhance the status and role of the Welsh Language Unit... The Unit should also have an increased cross-governmental role, ensuring internal arrangements for effective implementation of Cymraeg 2050 is undertaken across government departments.

There's also debate as to where national oversight of Welsh language policy should sit within the Welsh Government. As the **previous Minister noted during scrutiny**:

I would suggest that actually, rather than just holding me to account when it comes to the budget... that actually you ask the other Ministers, who've got huge amounts of money, what they're doing within their budgets in relation to the Welsh language.

The Welsh Language Budget that specifically supports and promotes the language is currently a modest £38 million, dwarfed in comparison to other departmental budgets. Cymdeithas yr Iaith has long called for the Welsh Government to commit 1% of its total budget to promote the language. The figure for 2021-22 stands at 0.19%.

## All eyes turn to the 2021 Census!

Language planning is complex. It requires systematic and innovative approaches, resources and most importantly, harnessing the continued support of the people of Wales.

All eyes will soon turn to the **Census 2021**, which is considered the authoritative source of data on the number of Welsh speakers in Wales. The Census is the yardstick that will be used to establish progress on Cymraeg 2050 targets over the next few decades. Along with data from the **Welsh Language Use Survey**, the

**National Survey for Wales** and the **Annual Population Survey**, it will provide the next Welsh Government with critical data on the health of the language.

If the Census 2021 data shows an increase in the number of Welsh speakers, it will provide some vindication for the ambition and targets set in Cymraeg 2050. A decrease will only intensify pressure on the next Welsh Government to consider a different approach.

## Key sources

- Coleg Cymraeg Cenedlaethol, **Towards Cymraeg 2050: A Million Welsh Speakers - Further Education and Apprenticeship Welsh-medium Action Plan** (2018)
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- Welsh Government, Government Social Research, **The effects of Covid-19 on Welsh language community groups - survey findings** (2020)
- Welsh Government, **Welsh Language Strategy: annual report 2019-20**



# Education and skills

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- Back to school: education in the time of COVID
- Skills: a road to prosperity
- Implementing major education reforms



## Back to school: education in the time of COVID

Even before pupils' coats are back on their school pegs, the pressure is already on the education system to deliver significantly more. Concerns that we don't stigmatise children mean that talk about a 'lost generation' needing to 'catch-up' is already out of favour. Yet the inescapable reality is that months of face to face learning have been missed.

Our learners have been part of the pandemic's "collateral damage" While at this stage there are more questions than answers, the solutions will need to be carefully considered and delivered during the Sixth Senedd.

***Siân Thomas***

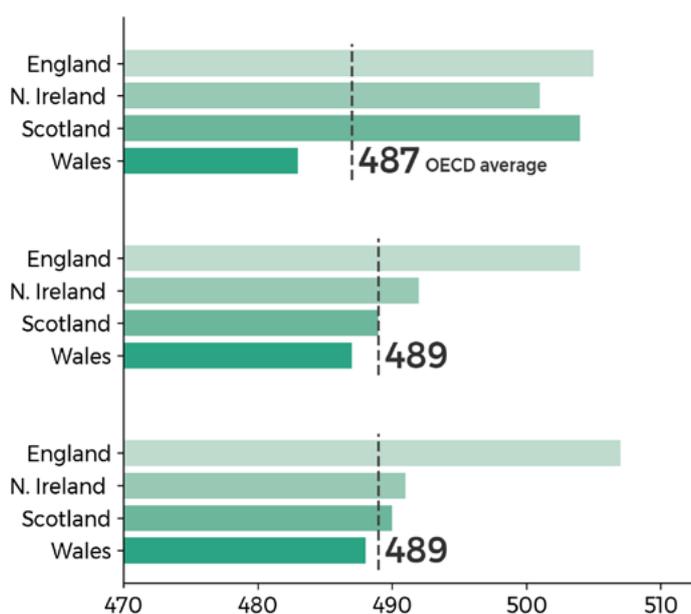
### The state of play pre-pandemic

Arguably, Wales was already facing an uphill struggle to secure good educational outcomes for all its learners. A decade after the then Welsh Government recognised that the education system had showed "**evidence of systemic failure**", there was a collective holding of breath when Wales' 2018 **PISA** results were announced.

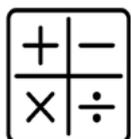
Following extra funding and a **national action plan to deliver change**, the 2018 **PISA scores** were seen as a much needed sign of some progress. Wales' scores were no longer statistically significantly different to the **OECD** average in each of three main domains (reading, mathematics and science), although they remained the lowest of the UK nations. Then Education Minister, Kirsty Williams, described them as "positive, not perfect".

## How did Wales perform in PISA 2018?

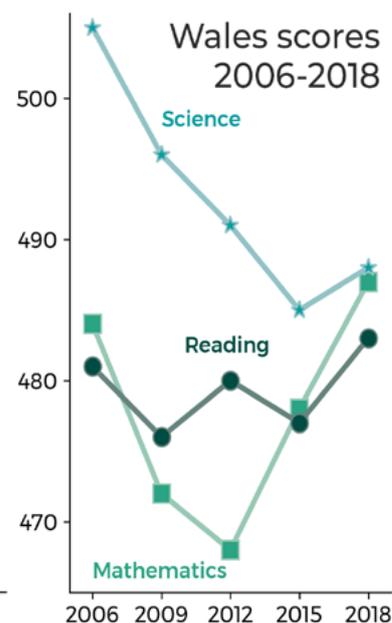
### Reading



### Mathematics



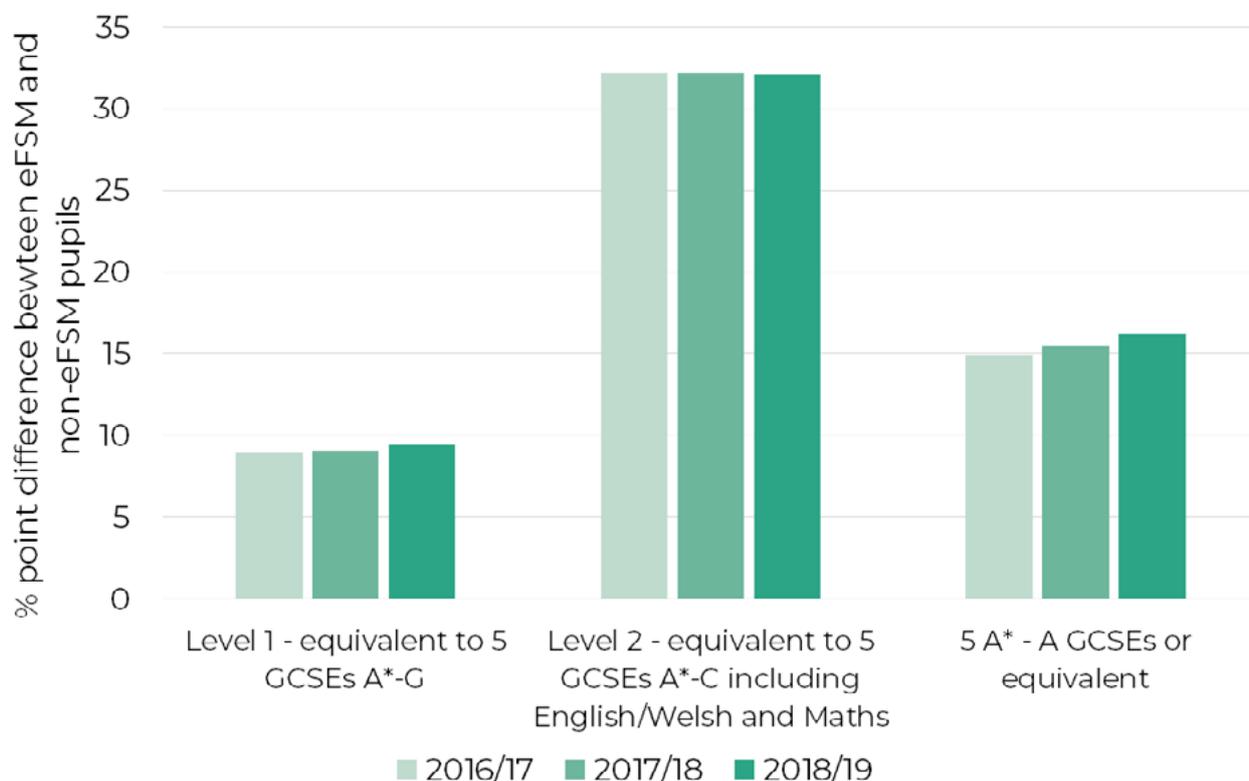
### Science



Source: National Foundation for Educational Research, [Achievement of 15-Year Olds in Wales: PISA 2018 National Report](#) (2019)

The most disadvantaged learners have extra challenges which can prevent them from achieving their full potential. Even though the previous Welsh Government invested £585 million since 2012 through the **Pupil Development Grant (PDG)**, the attainment gap it was seeking to close didn't narrow. It also **typically widens as learners get older**. There's a stark difference between children eligible for free school meals and their peers at Key Stage 4, the two years where learners usually take GCSEs and other examinations.

## Attainment difference between pupils eligible for free school meals and their peers



Source: [StatsWales](#)

## The extent to which the pandemic has affected learners

Children and young people themselves are well placed to give their verdict. A [2021 Children's Commissioner survey of 20,000 children](#) found that 35% didn't feel confident about their learning, compared to 25% in May 2020. 63% of 12-18 year olds were worried about falling behind.

There are countless reports setting out adults' views about how [missing more than half a year of 'face to face' schooling](#) has affected learners. One of the major concerns has been the variation between what schools have been delivering to pupils.

There's a long list of potential impacts:

- 'lost learning' meaning pupils could underperform academically and have their long term prospects affected;
- a loss of confidence in the examination and assessment system;

- long term reductions in school attendance, a factor which we know is key to educational outcomes;
- difficult transitions between school years and from primary to secondary;
- challenges in re-engaging learners and addressing low motivation;
- an **unhelpful 'catch up' narrative** about lost learning placing unnecessary psychological pressure on children and young people; and
- a negative effect on learners' ability and confidence to communicate in Welsh where they haven't been able to do so at home.

As well as these obvious educational issues there are wider predicted effects. Current learners could earn less, with one estimate of up to **£40,000** in a lifetime. The harm to children's physical health and a higher prevalence of mental health issues, including anxiety and depression, are also serious concerns.

The pandemic's wider economic impact is also likely to increase the number of children living in low income families. Again, it's the most disadvantaged learners who are predicted to bear the brunt in the longer term. For example, in March 2021, the Child Poverty Action Group **found that 35% of low-income families responding to its UK wide survey were still without essential resources for learning**, with laptops and devices most commonly missing. The Fifth Senedd's Children, Young People and Education (CYPE) Committee **heard that there is "plenty of evidence"** that "there are striking differences between families in terms of their ability to support young people in their learning: the resources they have around them, the enthusiasm, the engagement, the commitment".

There may also be work to be done to rebuild relationships which have been under significant strain during the past 12 months. Those between teaching unions and the decision-makers within the education system; between parents/carers and schools; and perhaps, most importantly, re-establishing the relationship between learners and their teachers.

## Immediate and longer term solutions?

Some of the immediate solutions which are already on the table or up for discussion are: **more money**, including the **'Recruit, Recover and Raise Standards funding'**; more teachers and learning assistants on the ground; changing term times; and setting up summer schools, holiday clubs and home tuition.

However, in the longer term, there may be more questions than answers about the way forward, such as:

- How to ditch the 'deficit model'? Placing the onus on the education system to support learners rather than pressurising learners to catch up.
- Whether a long term strategy is needed to coordinate the range of possible solutions? What's the future role of schools, local authorities, regional consortia and the Welsh Government in this? Who should be in charge of this long term approach? Should **Wales should appoint an Education Tsar, as in England?**
- Are **schools being properly funded?** **One estimate** places the cost of Wales' journey back from COVID-19 at £1.4 billion.
- Can international examples and historical experiences help identify ways of dealing with such major interruptions to education? One academic has **already suggested that "disruption can lead to positive change if you're willing to make the effort"**.
- To what extent is the current education system fit for purpose? Is now the 'watershed moment' and time for a complete rethink?

### Major reforms to deliver: mental health, the curriculum and additional learning needs

Children and young people's return to the classroom has been **heralded as the big chance to put their well-being at the heart of education**. As well as having a positive impact on well-being, put simply, mentally healthy children are much more likely to learn.

Following **pressure from the Fifth Senedd's CYPE Committee and its stakeholders**, Wales has already made a significant shift towards **establishing a 'Whole School Approach to Mental Health'**. The challenge during the Sixth Senedd will be to deliver it.

The potential sting in the tail is that, at the exact same time the education system is getting children back to school, it also has to contend with major legislative reform. This is in the form of wholesale changes to both the school curriculum and support for learners with Additional Learning Needs.

Some may argue that there's been no better time to have such significant changes. If the education system can successfully implement these three major reforms then arguably Wales has done some significant leg work to be on a firmer footing to meet the challenges that COVID-19 has presented.

## More questions than answers?

At this stage there may be many more questions than answers for the education system. The world into which learners will move has changed forever. Not only has the pandemic interrupted their schooling, but the future journeys they were expected to make into the workplace or further and higher education may be unrecognisable. The skills and aptitudes needed in the 'new normal' are only now beginning to be identified and are likely to be different from those needed before the pandemic began.

COVID-19 has made its unforgettable mark on the world. Perhaps the biggest question of all is how radical the response of Wales' education system should be.

## Key sources

- Senedd Research, [\*\*How did Wales perform in PISA 2018?\*\*](#) (2019)
- Children's Commissioner for Wales [\*\*Coronavirus and Me - Results of our January 2021 survey.\*\*](#)
- Children Young People and Education Committee [\*\*Inquiry into the impact of the Covid-19 outbreak on children and young people in Wales\*\*](#)
- Education Policy Institute, [\*\*Education reopening and catch-up support across the UK\*\*](#) (2021)
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- Wales Centre for Public Policy [\*\*The education response to Coronavirus: Implications for schools in Wales\*\*](#) (2021)

## Skills: a road to prosperity

Skills are critical to making Wales a more prosperous nation. But raising qualification levels in the population is not enough. There are other challenges that must be overcome, such as stimulating employer demand for higher level skills.

### **Phil Boshier**

Skills are a **key factor** in improving productivity and pay, both of which drive **economic growth** and higher living standards.

Since 2008, qualification levels among the working age population in Wales have **risen substantially**.

Yet, Wales - like the UK - is in the midst of an **entrenched productivity problem**, with parts of the nation **trapped** in “a cycle of low-skill, low-wage and low-productivity”.

‘Sluggish’ productivity alongside increasing qualification levels shows that any relationship between skills and prosperity is not a simple one.

Some of the challenges that will face the new Welsh Government include the need to consider employer demand for skills, getting the content of qualifications right, and the take-up and provision of lifelong learning.

### Qualification levels may outstrip employer demand for them

The supply of qualifications into the labour market is likely to carry on growing, but demand for high level skills from employers may not keep pace.

**One study** projects that:

The supply of highly qualified people will grow more quickly than demand for such qualifications.

This is already happening in Wales where qualifications levels between 2004 and 2018 **rose fastest** in the lowest skilled occupations, with the over-qualification rate **hovering at around 40%** in the decade to 2017.

There is also considerable debate over the **impact** of automation and technology on certain jobs. New occupations could be created and current ones made redundant or considerably changed. But some experts urge caution against:

[assuming] the introduction of new technologies will automatically raise the demand for more skilled workers, increase productivity or reduce income inequality in Wales

## Employers aren't always interested in highly skilled workers

Many enterprises are profitable without a highly-skilled workforce. This means many workers in Wales work in a **'low-skills equilibrium'** where low demand for high level skills from employers mean there is little requirement or incentivisation for workers to gain higher level skills.

While these firms can be profitable, low-skills equilibriums are associated with **poorer personal outcomes and lower pay for their workers.**

However, just increasing the supply of highly skilled workers is not enough, it can just mean employers do not fully utilise those skills. The OECD **explains that:**

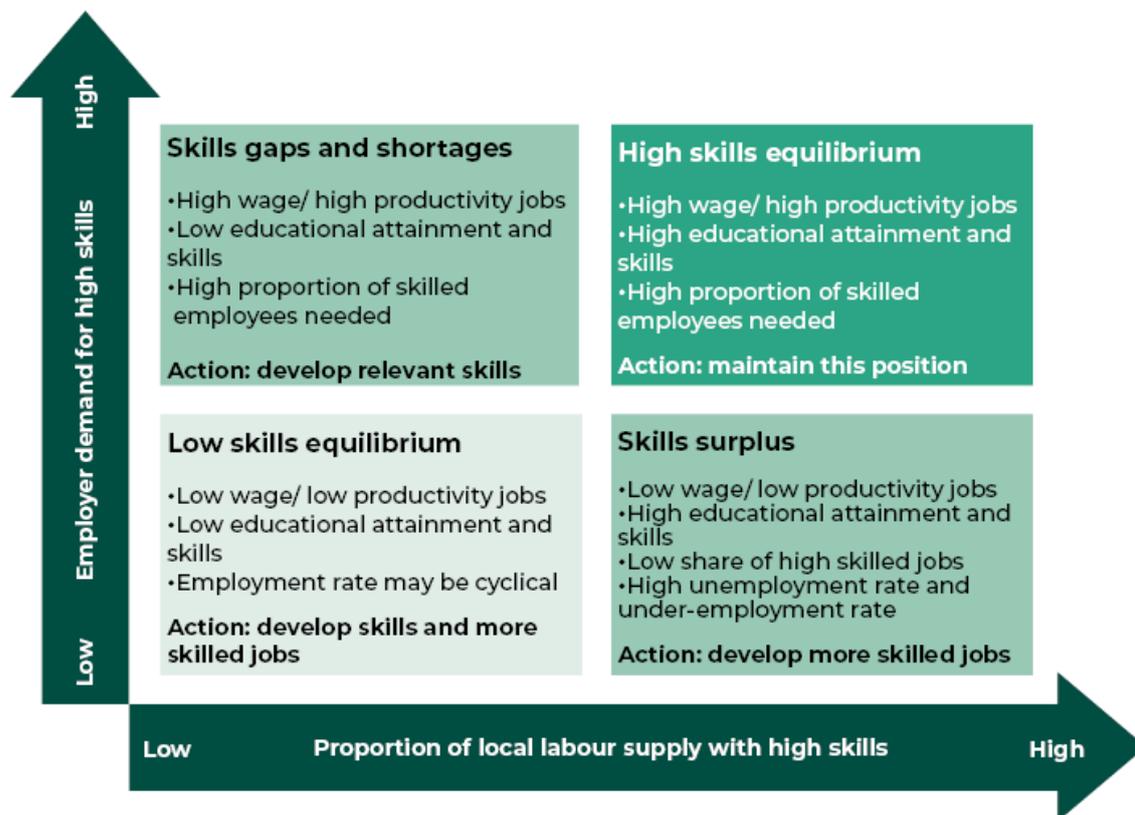
having skills is not enough; to achieve growth, both for a country but also for an individual, skills must be put to productive use at work

The policy implication is that the supply of skills into the labour market, and employer demand for higher level skills, must be considered at the same time.

## Mismatches between skill supply and skill demand have negative consequences

Low-skills equilibriums are just one outcome from the interaction between skill supply and skill demand.

## Outcomes from interactions between skills supply and employer demand



Source: adapted from [Future of Skills & Lifelong Learning and Low skill traps in sectors and geographies](#).

Mismatched supply and demand can result in skills shortages and skills surpluses. While some level of skills mismatching is normal in a dynamic economy, it can:

slow the adoption of new technologies, cause delays in production, increase labour turnover and reduce productivity.

There are **three approaches** to trying to align skills with demand:

- **Learner preference:** where providers adjust their curriculums to match the demand of learners. This is arguably the model operated in the UK higher education sector.
- **Central planning:** where a central or regional body gathers data and labour market intelligence to forecast employer skills demand so skills provision can be centrally planned. This is the basis of the Regional Skills Partnership model used in Wales.

- Market determination: where learners are free to choose their programmes, but the programmes on offer are driven by employer demand, like the apprenticeship programme.

The **Employer Skills Survey** sets out an understanding of skill mismatches in Wales.

## Education participation falls with age, and part-time learning numbers continue to fall

A UK Government Office for Science report **contends that**:

Collectively [changes to employment patterns] point to lifelong learning as the pathway for skills-driven economic growth, building on the skills that individuals have when they leave the education system, and enabling workers to adapt to changing demands for skills.

But the data paints a challenging picture.

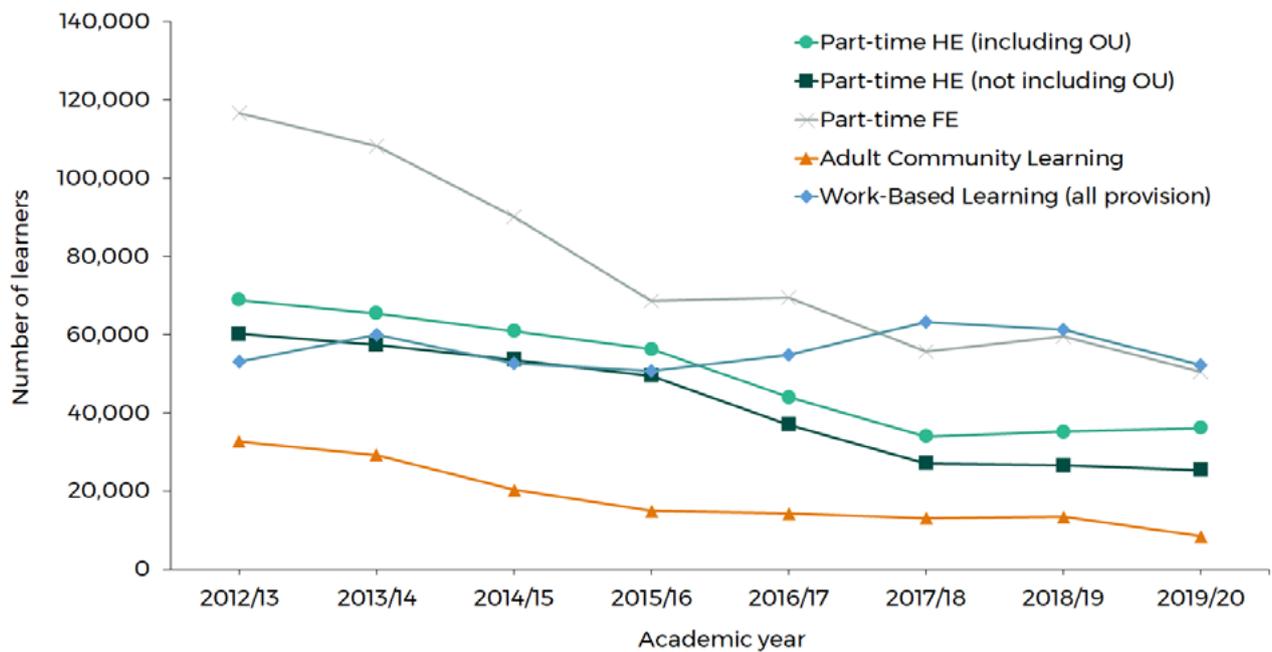
In general, participation in education and skills training **falls significantly** with age with the overall number of learners in **further** and **higher** education, and **work-based learning** falling substantially from aged 40 onwards.

In 2019, over three-quarters of 16-18 year olds **were in education or training**. This falls to just over a third of 19-24 year olds (largely made-up of higher education students) and drops further among 25-30 year olds to just over 10%.

At the same time, there has been a significant trend of falling part-time learning in **higher** and **further** education, and **adult-community** education.

While recent reforms to part-time higher education student support appear to have **stimulated an increase in higher education part-time learning**, further analysis **shows that** this increase has been driven by The Open University. This suggests that the fall in part-time learning in higher education at least, presents a complex problem for policymakers, which goes beyond just the financial support available.

## Trend in part-time learners in Wales



Source: [StatsWales](#)

Employers are a key source of lifelong learning. Yet while the proportion of Welsh workers **receiving training in the workplace** has increased, the intensity of training has fallen. On top of this, the picture is not an even one, with one analysis **showing that**:

Women, younger people, those with higher qualifications, occupants of higher skilled jobs and those who work in the public sector are the strongest beneficiaries [of work-place training].

## Some argue current skills qualifications do not prepare learners for change

An ongoing debate in skills policy is what attributes courses should develop in learners.

Should skills provision focus on preparing learners for specific job-related tasks, or be a broader offering, with more emphasis on general education and 'soft skills' that employers are **known to value**?

Arguing against what it sees as the status quo, a **Colegau Cymru commissioned report** contends that there is too little general education in UK vocational qualifications:

Unlike school and university, much of Further Education is concerned with immediately relevant competencies. [...] In place of competencies it is important vocational education builds on the broader notion of capability – giving all citizens capacity to adapt rapidly to changing circumstances.

## The challenges ahead

Skills are one key road to making Wales more prosperous. But while qualification levels in Wales have risen, the new Welsh Government will face other deeper challenges if it is to ensure the skills system fulfils its potential to improve the prosperity of Wales.

## Key sources

- StatsWales, **Post 16 education and training**
- University of Warwick, **Working Futures 2017-27** (2020)
- Government Office for Science, **The Future of Lifelong Learning** (2018)

## Implementing major education reforms

The current national curriculum and arrangements for meeting pupils' Additional Learning Needs are “no longer fit for purpose”. Both were subject to major legislation in the previous Senedd and implementing these reforms, while recovering from the pandemic, is therefore likely to be among the top education priorities for the new Welsh Government.

### **Michael Dauncey**

The new Welsh Government's top education priorities – second only to recovering from the disruption caused by COVID-19 – are likely to be delivering on two laws passed in the previous Senedd:

- the Curriculum and Assessment (Wales) Act 2021, and
- the Additional Learning Needs and Education Tribunal (Wales) Act 2018.

These Acts respectively change how and what all three to 16 year olds are taught, and how over a fifth of pupils are supported with their learning difficulties.

### A purpose-led Curriculum for Wales

The national curriculum, which was introduced in England and Wales in 1988, has already been adapted under devolution. The most notable change was the introduction of the Foundation Phase in 2010, in place of Key Stage 1. However, the **Curriculum and Assessment (Wales) Act 2021** marks the beginning of a distinct Welsh curriculum. And it's a big change, covering not only what's taught but how it's taught.

The new age 3-16 **Curriculum for Wales** moves away from a heavily prescribed national curriculum, which **the last Welsh Government said** is “no longer fit for purpose”. Professor Graham Donaldson's '**Successful Futures**' review (2015) identified a **need for change**, not just to support **Wales' mission to improve school standards** but to give young people what they need for a vastly different world to the one of 1988. He also said too much prescription and detail inhibits the responsiveness of the curriculum to social, economic and technological changes.

The new curriculum is therefore intended to be purpose-led rather than content-based, with a greater emphasis on skills and teaching what matters. Schools will have the flexibility to design their own curriculum, within a broad national framework provided by the Act and associated codes and guidance.

As **highlighted during scrutiny**, the education sector will have to strike a delicate balance in delivering school-level curricula that remain similar enough so that all pupils receive equal experiences across all schools in Wales.

The curriculum will be structured around four purposes, six Areas of Learning and Experience (AoLEs) and three cross-curricular skills. Schools' curricula will also need to be suitable, broad and balanced, enabling pupils to make appropriate progression. English, Welsh, Relationships and Sexuality Education (RSE) and Religion, Values and Ethics (RVE) will be mandatory elements. Remaining details will be set out in statutory codes and guidance.

The last Welsh Government published the provisional **Curriculum for Wales** in January 2020. Following the **Senedd's passing of the legislation** in March 2021, the new Welsh Government is expected to formally make this the statutory curriculum in all maintained (that is, publicly funded) schools.

## When will the Curriculum for Wales be introduced?

The last Welsh Government published an **implementation plan** for the new curriculum in January 2021. Rather than a 'big bang' approach, it intended for it to be introduced in phases.

The Curriculum for Wales will be introduced in September 2022 in early years, primary school and Year 7 (usually the first year of secondary school). It will then be rolled out to subsequent year groups as these pupils progress through school, until they reach Year 11 in 2026/27.

The previous Minister said **during scrutiny of the legislation** that the timetable is unchanged by COVID-19 but will be kept under review.

## Introducing the new Curriculum for Wales

September 2022	September 2023	September 2024	September 2025	September 2026
Early Years				
Primary School				
Year 7				
	Year 8	Year 8	Year 8	Year 8
		Year 9	Year 9	Year 9
			Year 10	Year 10
				Year 11

Source: [Curriculum for Wales: Implementation plan](#)

## Additional Learning Needs: reform affecting over one in five learners

The last Welsh Government **described** the **Additional Learning Needs and Education Tribunal (Wales) Act 2018** as a “complete overhaul” of a system “no longer fit for purpose”. Weaknesses of the current system, identified in previous reviews **dating back many years**, include families often having to battle to secure provision for their child, insufficient joint working between local government and health, and inconsistencies in how different learners’ needs are met.

Currently, around **100,000** pupils (**21%**) are recognised as having “Special Educational Needs” (SEN), or “Additional Learning Needs” (ALN) as they will be called under the new system. This means they:

- have a significantly greater difficulty in learning than the majority of others of the same age (that can’t be addressed solely through differentiated teaching), or
- a disability (for the purposes of the Equality Act 2010) which prevents or hinders them accessing education or training that’s generally provided for others of the same age, and
- the learning difficulty or disability calls for Additional Learning Provision (ALP).

Pupils currently have their SEN met under three levels of support, depending on how severe and complex their needs are. Only 'Statements of SEN', which are issued by the local authority and set out what provision is needed to meet the learner's needs, are legally enforceable.

The 2018 Act has **three main aims**:

- a single system for children from birth, pupils in schools and students in colleges, regardless of level of need. Each learner with ALN will be given a statutory 'Individual Development Plan' (IDP);
- closer collaboration between the NHS and local government through a designated liaison officer within each health board, and
- a more transparent system to avoid disagreement and resolve disputes.

### When will the new ALN system start?

The previous Education Minister, Kirsty Williams, **confirmed in February 2021** the plan to implement the new ALN system over a three-year period from September 2021. In March, **the Senedd voted** to approve the **ALN Code** which the last Welsh Government described as an "operational handbook" for how the new system will work in practice.

From September 2021, all learners newly identified as having ALN will come under the new system. Pupils who already have SEN will transition across, between 2021 and 2024, starting with those who have low to moderate needs. Those with more severe or complex needs (who currently have statements of SEN) will move to the new system later in the three-year period. The timing will also depend on the pupil's year group.

By the end of 2023/24, all pupils with ALN are scheduled to have moved over to the new system.

## Implementing the new ALN system of IDPs

### Who will transfer to the new ALN system from September 2021?

All newly identified learners with ALN

Pupils currently supported through School Action or School Action Plus in:

- Nursery Year 1
- Nursery Year 2
- Year 1
- Year 3
- Year 5
- Year 7
- Year 10

Learners with ALN who are detained in the criminal justice system

### Who will transfer to the new ALN system from September 2022 or later?

Pupils in other year groups supported through School Action or School Action Plus

Learners with Statements

Post-16 learners with ALN

Source: [Written Statement: Implementation of the Additional Learning Needs and Education Tribunal \(Wales\) Act 2018](#)

## What might prevent the reforms being delivered successfully?

The insufficiency and complexity of school funding was highlighted throughout the last Senedd. The Children, Young People and Education (CYPE) Committee found in its **2019 inquiry** that not enough money was reaching schools and in its **final report** of the previous Senedd called for resources to be distributed to schools more effectively – especially given the scale of reform schools are now expected to deliver.

The previous Welsh Government allocated £20 million to be spread over four years to its '**ALN Transformation Programme**'. It also said **it would respond to** the recommendations of the **Sibieta review** on school funding. These recommendations include keeping the new ALN system under continual review to ensure it's implemented as intended, as well as the possible need for additional funding.

Applying the new flexibility to deliver school-level curricula will also require a **culture change** among a profession used to teaching a prescribed national curriculum for over thirty years. The **previous Welsh Government planned** to allocate £15 million per year until 2025-26 for 'professional learning' to enable the education workforce to deliver the new curriculum. Estyn, the schools inspectorate, is also **visiting schools** to help them prepare.

As for COVID-19, some stakeholders, for example **the teaching union NASUWT**, believe the impact of the pandemic means the new curriculum should be delayed. Others, for example Estyn, have **said** the way schools have had to innovate during the pandemic could make them better placed to deliver the Curriculum for Wales.

Moving into the Sixth Senedd, both the backdrop of COVID-19 and the long-standing imperative of raising educational standards will loom large over a government and education sector tasked with implementing major reforms.

## Key sources

- Professor Graham Donaldson, **Successful futures: review of curriculum and assessment arrangements** (2015)
- Senedd Cymru, **Scrutiny of the Additional Learning Needs and Education Tribunal (Wales) Bill**
- Senedd Cymru, **Scrutiny of the Curriculum and Assessment (Wales) Bill**
- Senedd Research, **Act Summary: Additional Learning Needs and Education Tribunal (Wales) Act 2018** (2018)
- Senedd Research, **Additional Learning Needs Code: the next step in a “complete overhaul” of a system “no longer fit for purpose”** (March 2021)
- Welsh Government, **Curriculum for Wales**



# The environment

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- Climate change: the path to zero emissions
- Clean air for Wales
- A new landscape for farmers and nature?





## Climate change: the path to zero emissions

With a target of net-zero emissions by 2050 now in law, does Wales have the commitment, legislation and policy in place to achieve this?

### **Chloe Corbyn**

In 2019 the Welsh Government **declared a climate emergency**. Speaking at the time, the Environment Minister Lesley Griffiths, said:

We hope that the declaration by Welsh Government today can help to trigger a wave of action at home and internationally. From our own communities, businesses and organisations to parliaments and governments around the world.

But what has the declaration meant for the scale and pace of action to tackle climate change? Have emissions reduced across all sectors? And how should recent changes to our climate change legislation be translated into action if we are to meet our ambitious targets?

### Global context

In late 2015, the **21st Conference of the Parties to the United Nations Framework Convention on Climate Change** (COP21) took place in Paris. The meeting was hailed as a make-or-break opportunity to secure an international agreement on approaches to tackling climate change. The subsequent landmark '**Paris Agreement**' aimed to limit global warming to less than 2°C above pre-industrial levels, and preferably keep it below 1.5°C.

In 2019, prior to the pandemic, the estimated global emissions for 2030 were not expected to achieve the Paris Agreement's goal. Instead, emissions were expected to reach around 3°C above pre-industrial levels. Global climate ambition has subsequently increased, with major economies such as China, Japan and South Korea declaring net-zero objectives, and **the new US administration expected to re-join the Paris Agreement**.

While Wales, along with the other countries of the UK, is not a signatory to the Paris Agreement, the UK as a whole is. As a significant contributor to UK emissions – particularly in the industry and agriculture sectors - Wales' contribution is crucial to UK climate leadership and action on the global stage.

The UK will host the next United Nations climate talks – the **26th Conference of the Parties (COP 26)** – in Glasgow in November 2021. Originally scheduled for November 2020, COP 26 heralds a key moment in efforts to raise global climate ambition. Countries are expected to resubmit their **Nationally Determined Contributions (NDCs)** for emissions reduction to 2030.

## A framework for action

The **Environment (Wales) Act 2016** marked a step change in Wales' approach to tackling climate change. Progressing from an **annual (non-statutory) target** of a 3% year-on-year reduction, the Act placed new duties on the Welsh Government to ensure greenhouse gas emissions reduce. It also introduced a carbon budgeting method to measure progress towards reducing emissions.

The Act set a target for an 80% reduction in emissions by 2050 and a duty to set interim targets for 2020, 2030 and 2040. Following advice from the UK Climate Change Committee (CCC) in **April** and **December** 2017, the interim emissions targets and first two carbon budgets were **set in regulations** in December 2018.

In March 2019, the Welsh Government published **Prosperity for All: A low carbon Wales**. This low carbon delivery plan set out how Wales aimed to meet the first carbon budget (2016-2020) and the 2020 interim target through 100 policies and proposals across Ministerial portfolios.

In 2019 the CCC **advised the Welsh Government** to amend its 2050 target and reduce emissions by 95% by that date. The Welsh Government **accepted this advice** and declared its ambition to achieve net-zero by 2050. **Revised advice from the CCC in December 2020** recommended that Wales should set and pursue the more ambitious net-zero by 2050 target.

In February 2021 the Welsh Government laid **four further sets of regulations**. These:

- amended the 2050 emissions target to net-zero;
- increased the 2030 target to 63% (from 45%) and the 2040 target to 89% (from 67%); and

### What does net-zero mean?

Net-zero means that total greenhouse gas (GHG) emissions would be equal to or less than the emissions removed from the environment. This can be achieved by a combination of emission reduction and emission removal.

- set the third carbon budget (2026-2030).

### Progress to date

Emissions of greenhouse gases in Wales have fallen by 31% since 1990. The **most recent data** shows that Welsh emissions fell by 8% in 2018, and between 2016 and 2018 they reduced by close to 20%. As things stand, it looks like Wales is on track to meet its 2020 emissions target of a 27% reduction against the 1990 baseline, as long as emissions didn't increase in 2019 and 2020. This won't be confirmed until the data is available later this year.

The fall in total emissions over recent years has not been distributed evenly across all sectors. Reductions have been dominated by the power sector, which was responsible for 85% of the total reduction in emissions from 2016 to 2018. Emissions from manufacturing and construction (-9%) and fuel supply (-7%) have also fallen, but emissions in all other sectors fell by an average of just 1%. In particular, the slowdown and closure of **Aberthaw coal fired power station** contributed to 55% of the total fall in emissions between 2016 and 2020.

Emissions from agriculture and land use, land use change and forestry did not change between 2016 and 2018, and have only reduced by 13% since 1990. Emissions from livestock account for 54% of agricultural emissions. Wales reduced its **tree planting target** from 5,000 hectares per year to 2,000 hectares per year. Trees play a crucial role in **removing emissions** from the atmosphere. Disappointingly, in 2019, only **80 hectares of trees** were planted in Wales. The planting of a **National Forest** has begun in earnest this year, and the previous Welsh Government hoped that a new **sustainable land management approach** will help to address emissions from the agricultural sector.

Surface transport is Wales' third largest source of emissions. Between 2016 and 2018 emissions from surface transport fell by 2%, but emissions in 2018 were still 3% higher than the baseline. The Welsh Government recently published its **new transport strategy**, focusing on active travel and supporting the transition to electric vehicles. Time will tell whether this marks a shift in our stubbornly high emissions from transport.

Emissions from buildings have also increased since 2014. The rate of **installation of new renewable energy capacity** has fallen every year since 2015. And between 2016 and 2018 emissions from aviation increased by 29%. But there are glimmers of hope. Waste sector emissions continue to decline, and the **new circular economy strategy** aims to capitalise on Wales progress to date, and its position as third best in the world for recycling.

## Are we doing enough?

While there have been some reductions in emissions in recent years, and a renewed commitment from the previous Welsh Government to tackling climate change, there is still much more to be done. The second low carbon delivery plan is due to be published in November 2021, and will set out policies and proposals to meet the second carbon budget. The CCC **recommended** that the plan should go further, setting out a long-term vision to meet the net-zero goal.

Members of the Sixth Senedd will have a central role in scrutinising the plan and holding the new Welsh Government to account on progress. The CCC has **estimated the costs** of hitting the targets as being an additional £3 billion per year by 2030 for Wales – so scrutiny of Welsh Government spending on the decarbonisation agenda, and whether it's delivering on ambition, will also be key.

The **CCC highlights** that gaps remain – particularly the lack of underlying indicators to measure progress, and lack of a cohesive, economy-wide emissions reduction strategy for 2050. It cautions that Wales is not currently on track to meet an 80% emissions reduction target by 2050, let alone net-zero. The Welsh Government's next low carbon delivery plan will be crucial in assessing how serious Wales is about tackling the climate crisis.

## Key sources

- Welsh Government, **Welsh Government makes climate emergency declaration** (2019)
- Senedd Research, **The Paris Agreement on climate change – A summary** (2016)
- Welsh Government, **Prosperity for All: A low carbon Wales** (2019)
- Welsh Government, **Wales accepts Committee on Climate Change 95% emissions reduction target** (2019)
- Climate Change Committee, **The path to Net Zero and progress on reducing emissions in Wales** (2020)
- **Climate Change (Wales) Regulations 2021**

## Clean air for Wales

Wales has some of the worst air quality in the UK. Why does air quality matter and what might we see during the Sixth Senedd to tackle the pollution problem?

### **Francesca Howorth**

Wales has some of the worst air quality in the UK. Cardiff and Port Talbot **have recorded higher particulate matter levels** than Birmingham or Manchester and a road in Caerphilly **recorded the highest levels of pollution outside of London**. Some areas in Wales have breached EU regulations for several years, culminating in the last Welsh Government **being taken to court** for its lack of action.

### Why does air quality matter?

Public Health Wales has described outdoor air pollution as the greatest environmental risk to health. It estimates **between 1,000-1,400 deaths per year in Wales can be attributed to exposure to air pollution**.

Poor air quality has huge social costs through its impacts on health, and adverse effects on wildlife and biodiversity. But tackling air pollution is not only a health or environmental issue, it's a matter of social justice. **Researchers have described** a 'triple jeopardy effect' at play – where those from a low socio-economic status are exposed to higher levels of pollution because of where they live or work. A **2016 study** found air pollution to be higher in Wales' most deprived areas. It concluded that air pollution, deprivation and health are inextricably linked.

On a global scale, the **World Bank estimates** the cost associated with health damage from air pollution to be \$5.7 trillion, equivalent to 4.8% of global **GDP**.

### How is air quality managed?

**Air pollution limits in Wales** are set by a range of UK and European regulations. The **European Union Ambient Air Quality Directive** sets legally binding limits for certain pollutants in outdoor air. Following the UK's exit from the EU, these limits **have been retained**.

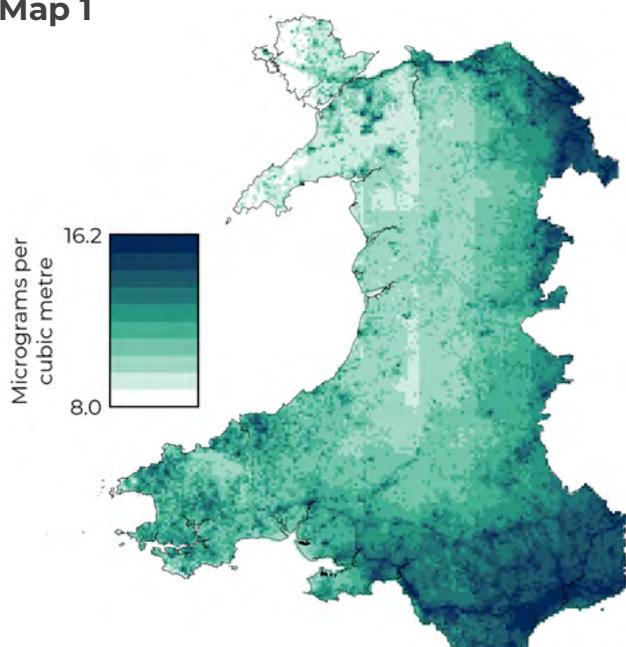
Air quality management in Wales mainly takes place at local authority level using a **variety of monitoring methods**. Local authorities produce annual progress

reports and identify any areas where limits are likely to be exceeded. Where this is the case they must implement an Air Quality Management Area (AQMA). There are **currently 44 AQMAs across Wales**.

## Which pollutants are most concerning?

The main air pollutants that affect our health are nitrogen dioxide (NO<sub>2</sub>), ozone (O<sub>3</sub>) and other small, particulate matter (PM). PM is the term for a mixture of solid particles and liquid droplets found in the air and is classified by size, with PM<sub>2.5</sub> representing smaller size particles than PM<sub>10</sub>. PM<sub>2.5</sub> is **considered to be the more dangerous** to health.

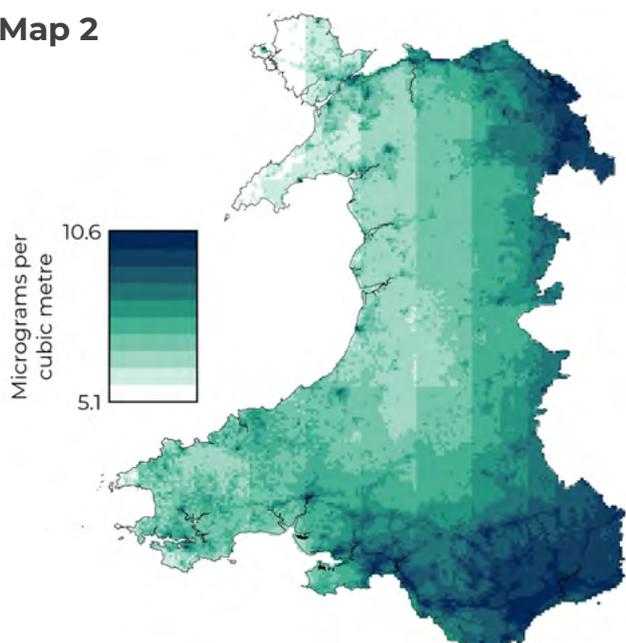
### Map 1



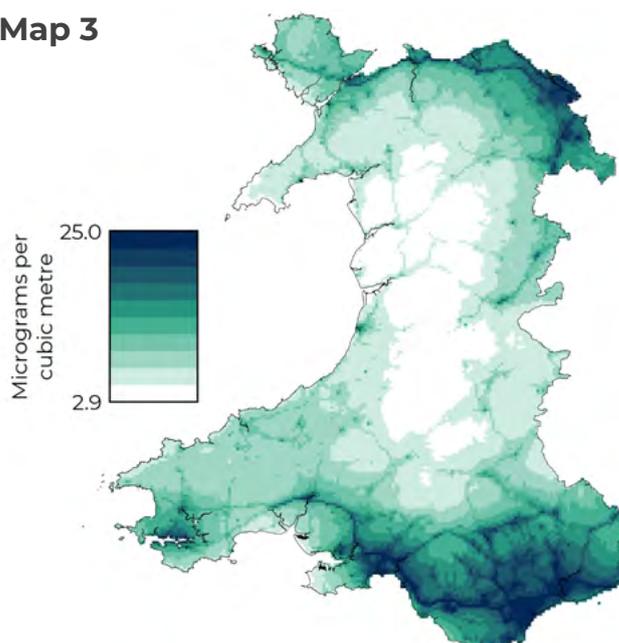
**Modelled mean background concentration of PM<sub>10</sub> (Map 1), PM<sub>2.5</sub> (Map 2) and NO<sub>2</sub> (Map 3), 2019.**

Source: **Modelled background pollution data, Department for Environment Food & Rural Affairs.**

### Map 2



### Map 3



Most breaches of EU limits within the UK are a result of roadside NO<sub>2</sub>, **80% of which comes from road transport**. Of Wales' 44 AQMAs, all have been declared for NO<sub>2</sub>, with the exception of Neath Port Talbot which has been declared for PM<sub>10</sub>. The Port Talbot AQMA covers land and properties between the steel works and the M4 motorway.

In 2018, breaches of NO<sub>2</sub> limits saw the then **Welsh Government taken to court**. The High Court ruled that the Welsh section of the UK's plan to tackle roadside NO<sub>2</sub> did not satisfy EU requirements. It also ruled that managing exceedances of NO<sub>2</sub> on the motorway and trunk road network was the direct responsibility of the Welsh Government. The then Welsh Government **published its supplemental plan to the UK plan for tackling roadside nitrogen dioxide concentrations** later that year.

To tackle NO<sub>2</sub> emissions, **50mph speed limits have been introduced** at five sites on the trunk road and motorway network. The **latest annual report on roadside NO<sub>2</sub> concentrations** says that although emissions are falling at all five sites, the situation remains "complicated".

In March 2021 the then Welsh Government launched the new **Wales Transport Strategy**. It includes a sustainable transport hierarchy which places travel by private motor car at the bottom of the list. It also sets a target for 45% of journeys to be made by public transport, walking or cycling by 2040. It's currently estimated that 32% of journeys are made this way.

## Was the pandemic good for air quality?

It's complicated.

On a global scale, lockdowns resulting from the COVID-19 pandemic led to the **largest reduction in greenhouse gas emissions** ever recorded. **Research published in March 2021** found that emissions would need to drop by the equivalent of a global lockdown roughly every two years to meet the goals of the **Paris Agreement on Climate Change**.

In 2020 the then Welsh Government commissioned a report from its independent Clean Air Advisory Panel to explore **the pandemic's impact on air quality in Wales**. It found that NO<sub>2</sub> levels decreased by an average of 36% at roadside monitoring sites for the period February to May 2020.

But the report paints a mixed picture. While lockdown saw reduced traffic and decreased NO<sub>2</sub> levels, increases in PM levels were recorded. While this can partly

be attributed to weather conditions, it's suggested this may also be due to an increase in waste being burnt, with household waste and recycling centres closed during lockdown.

Responding to the report, Public Health Wales said the analysis shows that achieving significant change in travel behaviour is possible. In September 2020 the last Welsh Government **announced its aim** for 30% of the Welsh workforce to work remotely.

## What could be on the horizon to tackle Wales' pollution problem?

In August 2020 the last Welsh Government launched its **Clean Air Plan for Wales: Healthy Air, Healthy Wales**.

It identified a range of actions:

- investing in active travel infrastructure;
- strengthening the control of emissions in agriculture – the last Welsh Government **introduced controversial regulations** that came into force in April 2021;
- publishing a Clean Air Zone Framework for Wales in Spring 2021, taking into account the findings of a **review into road user charging**; and
- implementing a national air pollution and monitoring service by December 2022.

The plan also set out an intention to introduce a new Clean Air Act for Wales. In January 2021, the last Welsh Government **published a White Paper** setting out a number of legislative proposals.

An indicative timetable within the White Paper suggests drafting of the Bill would commence in 2022. Healthy Air Cymru **welcomed the plans** but says the timetable for enacting the legislation is “far too slow”. It points to the fact that “it could be as late as 2024 before any regulations come into effect”.

The White Paper includes proposals to:

- introduce a legal requirement for a Clean Air Plan or Strategy to be reviewed at least every 5 years;

- strengthen powers for local authorities to address vehicle idling, including powers to increase the fixed penalty amount that can be issued;
- introduce an enhanced Local Air Quality Management Regime; and
- enact a new target for PM levels, taking account of World Health Organisation (WHO) guidelines – the **WHO has recommended** guidelines for PM<sub>2.5</sub> levels that are half the current EU limit.

It also makes proposals in relation to smoke control areas where it is an offence to emit smoke from a chimney of a building unless using an approved fuel or appliance. It proposes that these powers are extended to include outdoor burning such as bonfires.

Alongside the White Paper the last Welsh Government **launched a consultation** on proposals to reduce emissions from domestic burning of solid fuel. It proposes a ban on the sale of wet wood and traditional house coal – fuels which some in rural areas rely upon to heat their homes. Similar measures have already been **set out in England**.

Whether these plans are a breath of fresh air or the outlook remains hazy is yet to be seen. What is clear is that air quality will be a major challenge for the next Welsh Government to address.

### Key sources

- Public Health Wales, **Air pollution and health factsheet** (2020)
- Senedd Research, **Research briefing: Air quality** (2019)
- Welsh Government, **Air quality in Wales**
- Welsh Government, **Clean Air Plan for Wales: Healthy Air, Healthy Wales.**
- Welsh Government, **Tackling roadside nitrogen dioxide concentrations in Wales**
- Welsh Government, **White Paper on a Clean Air (Wales) Bill**

## A new landscape for farmers and nature?

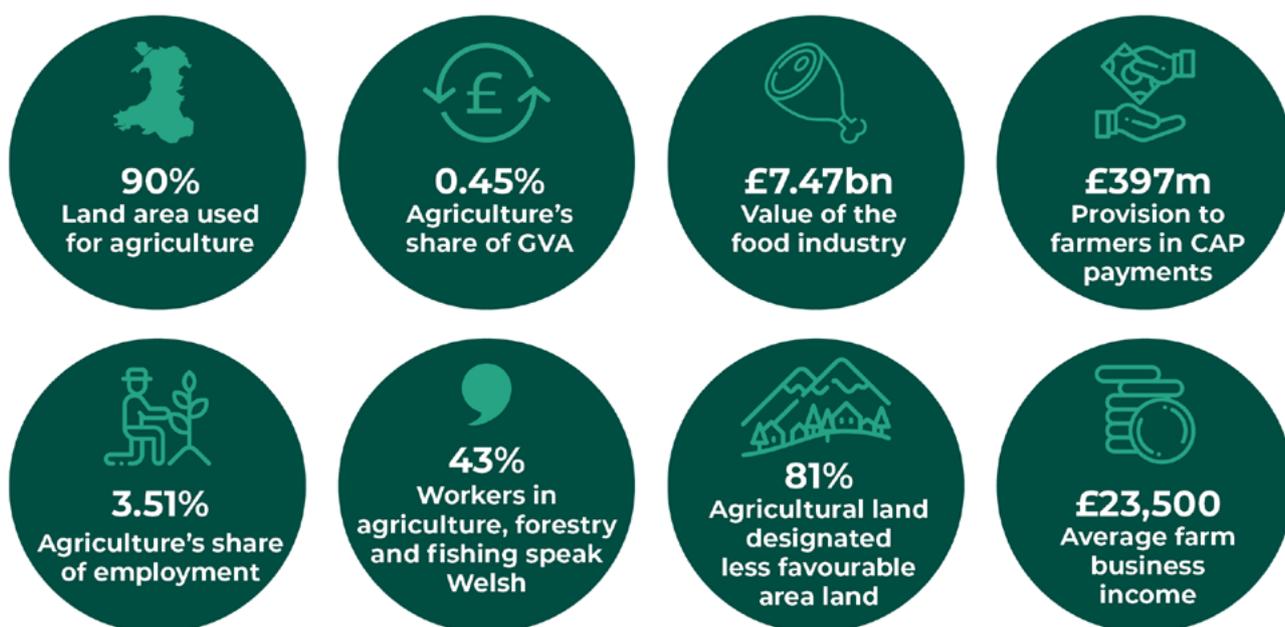
The Sixth Senedd will see the biggest change to land management policy in decades. What could this mean for rural communities and the natural environment?

### **Katy Orford**

Leaving the EU means Wales is able to develop novel agricultural schemes. Farming policy, which is devolved, has implications for the environment, economy and culture of Wales and has been a hot topic since the EU referendum.

The last Welsh Government proposed to fundamentally change farming policy to support wider sustainable land management, moving away from payment for food production in its own right. While environmentalists have welcomed this approach, tensions have risen in farming communities with the unions calling for payments for producing food. Future policy decisions will be made within a complex agri-food trading landscape and amidst the climate and nature emergencies.

### **Welsh farming statistics (figures are for 2018 or 2019, depending on the most current available)**



Source: [June Survey](#), [Agriculture in the UK 2019](#), [Welsh Government press release](#), [Agriculture in Wales 2019](#) and [Agriculture facts and figures: 2019](#).

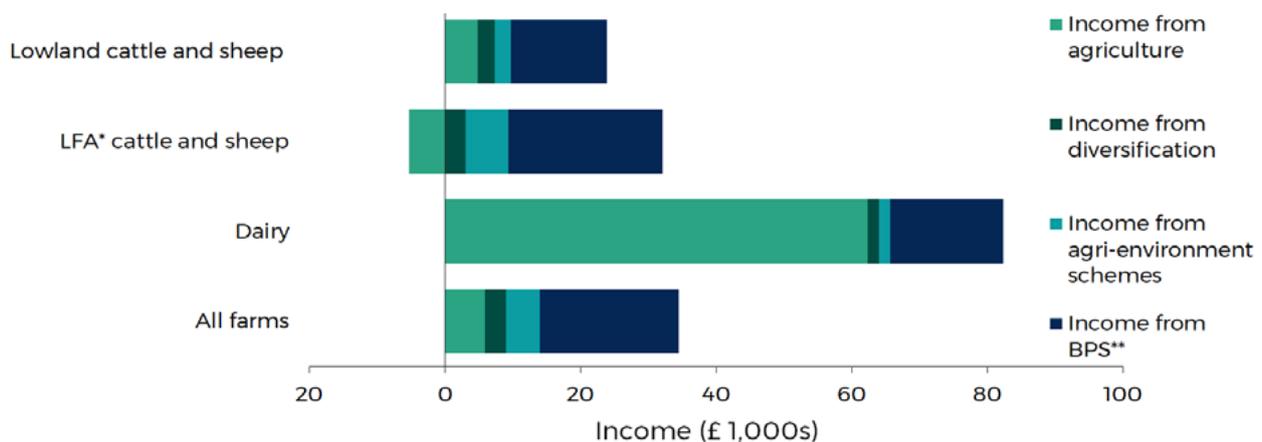
## Leaving the EU's Common Agricultural Policy behind

The UK joined the EU's **Common Agricultural Policy** (CAP) in 1973. Originally, farmers received income to supplement prices paid for their produce to ensure food security and a good standard of living. But this encouraged overproduction, resulting in the notorious **'wine lakes' and 'butter mountains'** of the late 20<sup>th</sup> century.

A major **CAP reform in 2005** moved to payments broadly based on the area of land farmed. Farmers received **direct payments** (most recently through the **Basic Payment Scheme** (BPS)) and also support for **rural development** (for example the **Glastir agri-environment scheme**).

Many farmers in Wales have relied heavily on the CAP for income, particularly the BPS, **more so than in any other UK country**.

### Farm income



\* LFA = Less Favoured Area, \*\* BPS = Basic Payment Scheme

Source: Farm Business Survey (data as reported in **Agriculture in Wales 2019**)

Now the UK has left the CAP, **an interim CAP-style system is being maintained** under the UK Agriculture Act 2020 until Wales transitions to new domestic schemes. There has been **disagreement between the Welsh Government and UK Government** over whether commitments to provide full replacement funding for the schemes have been met. This is due to **different interpretations** of ongoing EU funding being provided through the Rural Development Programme.

Some see exit from the CAP as an **opportunity for radical change** arguing that the CAP **restricted environmental improvement, distributed payments unfairly** (due to larger farms receiving more support) and was **too complex**.

Others **remain cautious** given the high reliance on BPS income and the uncertainty associated with leaving the EU and the COVID-19 pandemic.

The Welsh Government published a **White Paper** in December 2020 for an Agriculture (Wales) Bill (planned for summer 2022) to establish new land management schemes.

### A future farming policy based on public goods?

The White Paper proposals set out a very different and ambitious approach to agricultural support. Based on the principle of **sustainable land management**, the policy would reward farmers for providing 'public goods' from the land, including both social and environmental outcomes. The policy arguably goes beyond the CAP, supporting wider land management improvement.

Contrary to the CAP, farmers would not receive support specifically for producing food. **The Welsh Government has argued** that as food has a market value it should not be classed as a public good, and so should not be directly funded by the state.

Instead, funding would focus on the non-marketable benefits of sustainable food production such as enhancing biodiversity and carbon sequestration (capturing and storing carbon). This might be through enhancing wildflower diversity on farms or tree planting alongside food production.

**Environmentalists** have broadly welcomed the proposals highlighting the climate and nature emergencies. **Some are calling for** a quicker timeline for transition. Conversely, **farmers are calling** for food production to be eligible for support in its own right, holding **concerns** for the future of rural communities if this direct support is lost.

The new proposals may require farm diversification which many have **welcomed to build business resilience**. However **academics have warned** that farm businesses in Wales face several hurdles to diversification, such as poor upland land quality and remoteness from centres of population.

## A new domestic and international trading landscape for the agri-food sector

The future agricultural policy will be developed in the context of new trade agreements. **Farmers are calling for a trade strategy** that seeks to both maximise access to overseas markets while safeguarding Wales's high food and farming standards.

### Agri-food trade statistics (by value)

The latest information available is from 2019, before the UK left the EU Common Market.

The UK agri-food sector relies heavily on foreign trade - in 2019 **55% of food and drink consumed in the UK** was produced in the UK.

**Imports:** The EU has been the biggest source of the UK's food and drink imports: **26% of food and drink consumed in the UK in 2019 came from the EU**. The next biggest sources of food and drink imports were Africa, North America, South America, and Asia (each of these categories providing 4% of food consumed).

**Exports:** The EU is also the UK's biggest food export market at **just under 60% of food and drink exports in 2019**. Wales exports a greater proportion of its food and drink to the EU than the UK as a whole, at **75% of total Welsh food and drink exports in 2019**. The top non-EU destinations for Welsh exports in 2019 were the USA, Turkey, Australia, Saudi Arabia and Canada.

**The previous Welsh Government** envisioned a Welsh food brand based on environmental and social sustainability that would complement the public goods scheme for farmers. The Welsh Government's ability to achieve these ambitions will be influenced by the UK Government's decisions on international trade.

The **UK Government says** that new trade agreements could present opportunities for the agri-food sector. However some Welsh businesses are concerned about increased **competition from imports with lower standards**, as well as **new barriers** to trade between the UK and EU.

## Lamb trade



Source: Adapted from [Agriculture in Wales 2019](#)

At a UK level, constitutional arrangements for policy divergence are becoming increasingly complex. **Common frameworks and the UK internal market as well as the UK's international obligations** all limit the Welsh Government's freedom to act in this area (see 'Wales in the UK' article.)

For example, the Internal Market Act 2020 will have significant implications for agri-food policy. Part 1 of the Act means that products that meet the standards in one part of the UK can automatically be sold anywhere else in the UK, even if the standards are different. This has sparked **concerns** that the rules of the largest market, England, will drive standards across the whole of the UK.

## Developing a future farming policy amidst the climate and nature emergencies

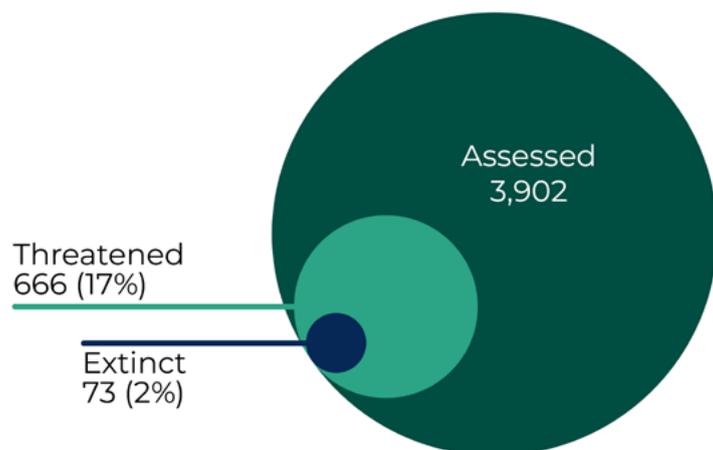
The agricultural policy will be developed in the context of the **climate emergency**, declared by the Welsh Government and Senedd in 2019, and the **nature crisis** as described by the environment sector.

The **Convention on Biodiversity** treaty recently concluded that the international community failed its ten-year goal to halt the loss of nature by 2020. The environment sector's collaborative **State of Nature Report 2019** highlighted that 17% of species in Wales are threatened with extinction (see climate change article).

Public and political emphasis on a **green recovery** from the COVID-19 pandemic has stimulated debate on 'nature based solutions' such as **catchment management to reduce flooding** and a **national forest** to tackle climate change. The future farming policy will no doubt feature in these debates.

Decisions on agricultural policy in the Sixth Senedd will not be easy. Politicians will need to consider the viability and culture of rural communities; the developing trading environment and the declared nature and climate emergencies. Evidently, the future policy will have far reaching effects.

### Species extinction risk assessment in Wales (1970 baseline)



Source: **The State of Nature Report 2019**

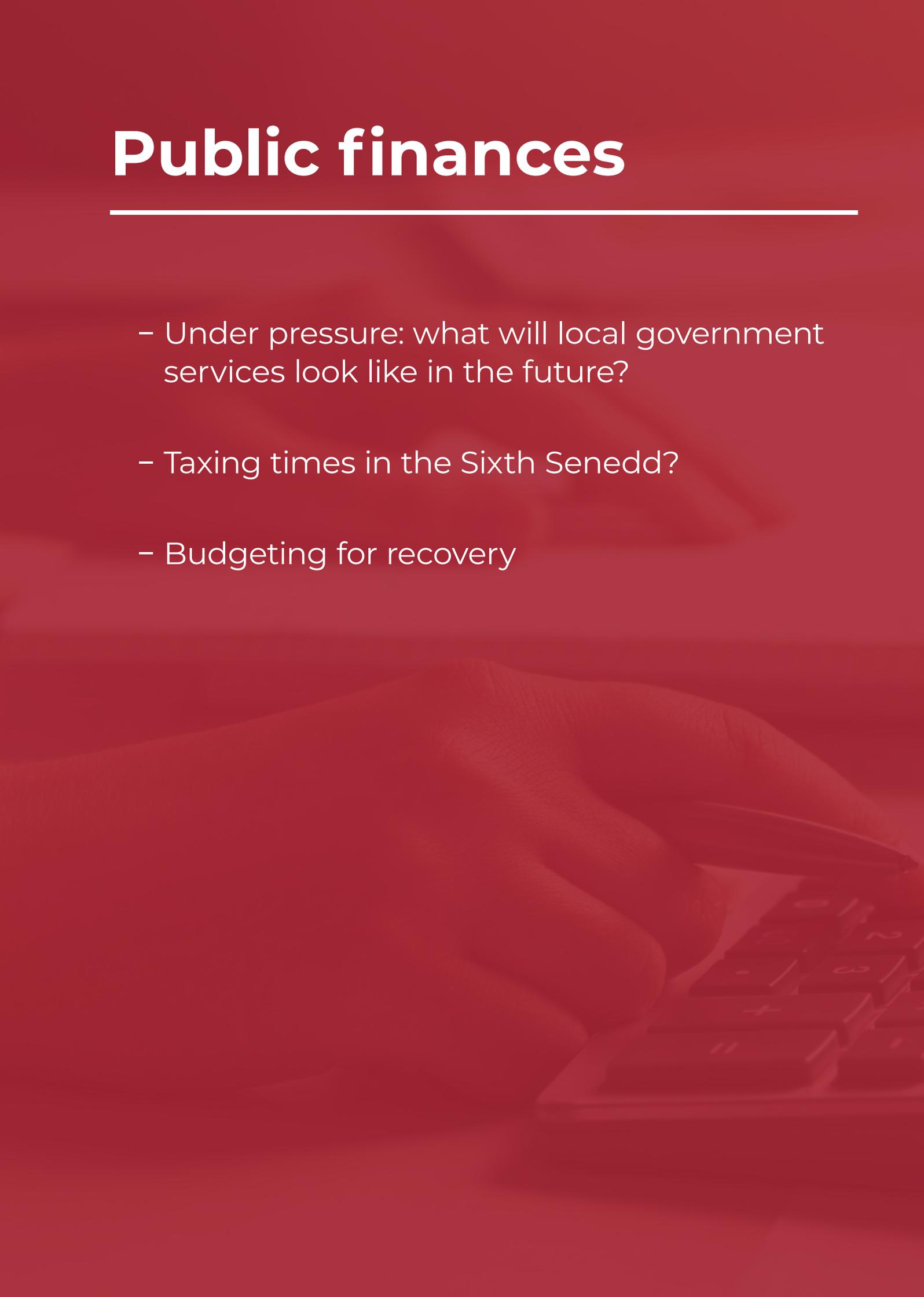
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- Welsh Government, **Agriculture (Wales) Bill White Paper** (2020)
- Welsh Government, **Developing Wales' food and drink sector** (2019)



# Public finances

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- Under pressure: what will local government services look like in the future?
  - Taxing times in the Sixth Senedd?
  - Budgeting for recovery
- 
- A background image showing a hand holding a pen over a calculator, symbolizing financial calculation or budgeting.



## Under pressure: how are local government services changing?

Are local government services at a tipping point? Following a decade of austerity, and now a pandemic, what will services look like in the future?

### ***Osián Bowyer and Owen Holzinger***

The funding pressures on local government over the last decade have been a catalyst for change in local service delivery. Increasing costs and lower income for local authorities means some services have reduced or are being run differently.

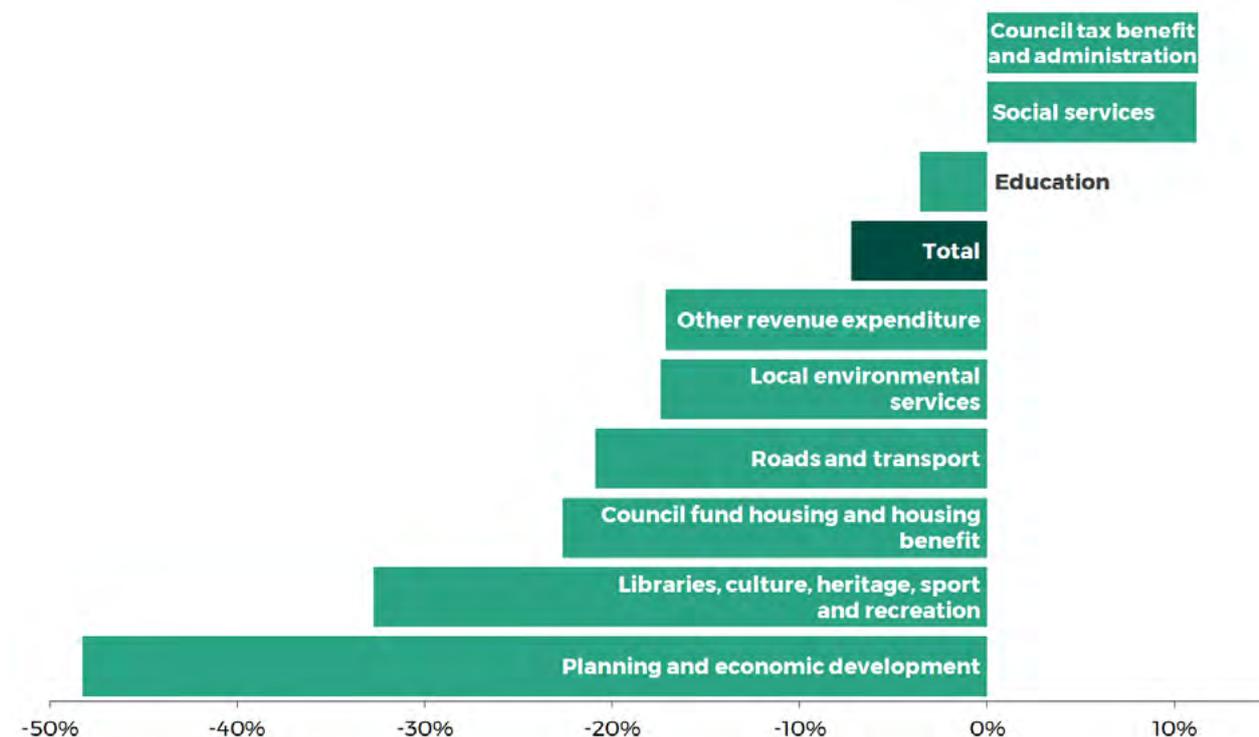
The pandemic put significant new demands on local government, exacerbating existing pressures. The future of local government services is uncertain and how it responds to the challenges will shape those services for years to come.

### How has spending on local services changed?

The shape of local authority services has **changed significantly** over the last decade.

Overall local authority spending has decreased by around 7% since 2013-14 (in real terms), in contrast expenditure on social services has increased by over 10%. Spending in most other service areas has been cut, including in education. Planning and economic development services have been hit particularly hard, as have libraries, culture, heritage, sport and recreation services.

**Percentage change in local authority service expenditure, 2013-14\* to 2019-20 (2019-20 prices)**

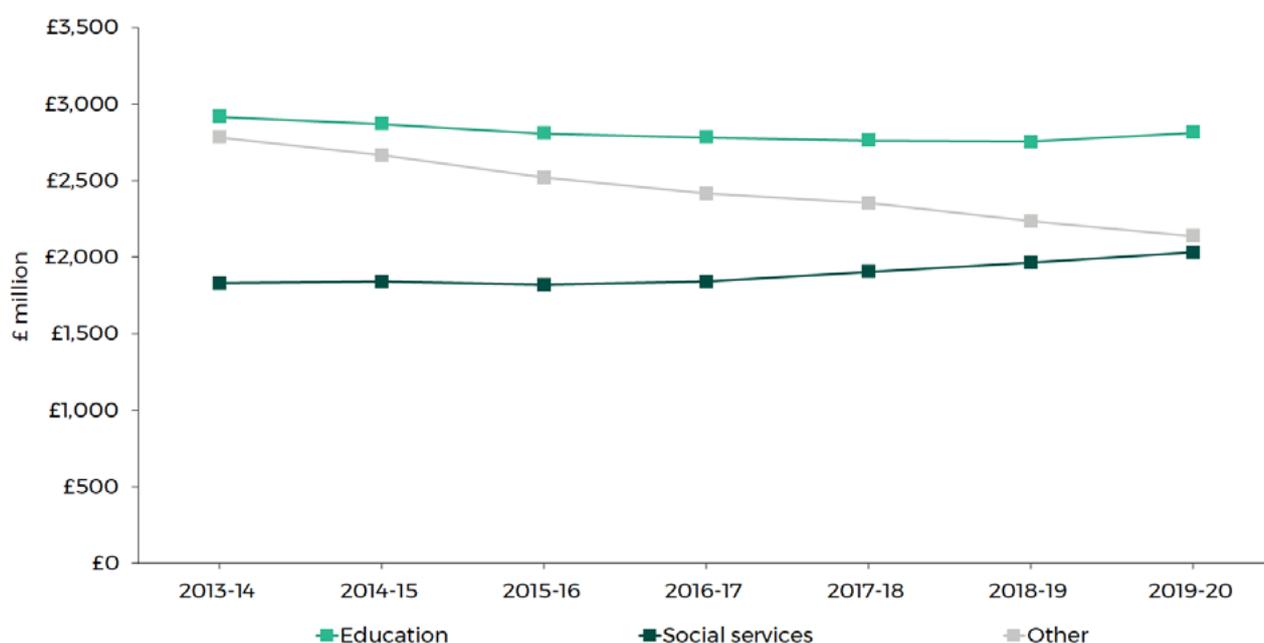


Source: [StatsWales – Revenue outturn expenditure, by services](#) and [GDP Deflators \(March 2021\)](#)

\*2013-14 used as baseline due to changes to data collection that make comparisons with previous years less consistent.

Together, social services and education made up over two-thirds of **total expenditure on services** by the 22 local authorities in 2019-20.

## Change in local authority expenditure, 2013-14 to 2019-20 (2019-20 prices)



Source: [StatsWales – Revenue outturn expenditure, by services](#), and [GDP Deflators \(March 2021\)](#)

But while social services have been protected from the most severe spending reductions, this won't be enough to ensure its sustainability for the future. A 2017 [report by Wales Public Services 2025](#) found that:

... spending through local authorities on social care for the over 65s is not keeping pace with the growth in the population of older people. Spending may need to have increased by at least £129 million (23%) between 2015-16 and 2020-21 to get back to the equivalent spend per-head in 2009-10.

The [ONS estimates](#) that, between 2021 and 2031, the population of Wales will grow by just over 60,000 (1.9%). Within that population growth, there's a projected increase in the proportion of older people. The population of over 65s is due to increase by around 119,000 (17.5%).

Wales Fiscal Analysis [notes](#) that, while future demand for care can't simply be linked to growth in older populations, a projected growth in older people with complex care needs is highly likely to result in increased pressure on care services. It details that the number of older adults living with severe dementia is expected to double to 53,700 by 2040. The Inter-Ministerial group on paying for social care [estimated](#) in a 'high-cost' scenario that, between 2019-20 and 2022-23, the net costs of social care could increase by almost £400 million.

Wales Fiscal Analysis **projects** that by 2025-26, social services could account for 55% of all local government spending pressures, with school pressures accounting for a further 21%.

## Increased reliance on council tax?

Where local authorities get the money to spend on services has also started to shift. There's been a reduction in grant funding to local authorities over the period 2013-14 to 2019-20, some of which has been mitigated by local taxes. While grant funding still makes up the majority of local authority income, the **amount to be collected from council tax payers** (excluding council tax benefit/reduction scheme funding) was up by almost 30% over the same period.

The overall increase reflects annual increases in council tax paid by residents over the period. With average band D council tax (excluding the police element) increasing in real terms by £186.

However, local authorities have **consistently warned** that raising council tax is not, on its own, sufficient to fill funding gaps in the future. Despite a recent **boost to local government finances**, there are potential signs of turbulence ahead.

Following the **UK Budget 2021**, Wales Fiscal Analysis notes that, "the UK government's medium-term spending plans make for a more austere outlook for the Welsh budget and Welsh public services" and outline the possibility of a return to austerity for parts of the Welsh budget.

The financial impact of the pandemic on **local government is likely to be felt for many years**. Audit Wales **notes** that, even in local authorities generating a budget surplus in 2018-19, some had significant overspends in demand-led services like social services. It suggests those pressures are likely to intensify as a result of the pandemic.

## Improving public services: a cultural shift

Local government has in the last few years embarked on a journey to transform how it delivers services. Local authorities are thinking differently about how to improve services for users, while reducing the cost of running them. An example of this is **'one-stop-shops'** or **'hubs'**. These hubs host multiple council services under one roof, such as libraries, money advice and adult learning services.

One of the most significant aspects of the transformation programme is to make better use of technology and digital tools. The previous Welsh Government established a **Local Government Digital Transformation Fund** to “maximise and identify opportunities to progress the digital transformation of local government in Wales”.

The **Digital Strategy for Wales**, launched in March 2021 is another step in this journey. It sets out a national vision for digital transformation, and seeks a cultural shift in how public bodies “deliver and modernise services” that are designed around user needs.

In the past year, local authority resources have been diverted from some of this transformational work. Anticipated financial savings are less certain, with the **WLGA recently suggesting** there's doubt about when, and indeed if, some of those savings will now happen.

Yet there are **examples** of how the pandemic has sped-up digital change across local government:

- establishing an all-Wales virtual autism team, which includes professionals and people with autism;
- developing community support mobile apps to coordinate volunteering; and
- developing virtual learning and delivery platforms to engage, educate, inform and support young people.

Developing on areas of digital innovation and good practice will likely be one priority area for the next Minister with responsibility for local government.

## What next for local government?

The passing of the **Local Government and Elections (Wales) Act 2021** gives local authorities new tools and powers to deal with some of the many challenges facing the sector.

For example, the **Welsh Government suggests** the general power of competence within the Act enables local authorities to consider more transformative approaches to service delivery. The Act also lays the groundwork for Corporate Joint Committees (CJCs), bodies designed to enable greater regional working and collaboration in areas like education and transport.

However, questions remain about how these new bodies will operate. Responses to a recent **consultation** on CJs by the previous Welsh Government show there's still uncertainty about how they'll function and their associated costs and benefits.

Despite the **recent increase in the local government settlement** for next year, and the **substantial funding support in response to the pandemic**, significant challenges remain. Wales Fiscal Analysis **suggests** that to meet cost pressures over the next few years, spending on local services needs to increase, on average, by 3.4% a year (in cash terms) between 2020-21 and 2025-26.

The **WLGA recently reported** that core pressures, that's the financial gap in money coming in and that required to pay for services, could amount to as much as £822 million by 2023-24. Leaning on local taxation, such as council tax, to support key services like social care and education won't stem the demand for, and cost of providing those services.

The challenges of the last 12 months have nevertheless brought with them opportunities. Local government has adapted quickly to new ways of working using digital approaches to deliver improved and responsive services to users. Sustaining such momentum and investment will be critical to recovery in the coming years.

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- Welsh Government, **Local Government Hardship Fund** (2021)

## Taxing times in the Sixth Senedd?

What will Welsh taxes look like in the future? Will local taxes be reformed and will the Welsh Government introduce new taxes in the Sixth Senedd?

### ***Christian Tipples***

In April 2018, the **first Welsh taxes** in almost eight hundred years were introduced using newly devolved powers.

Significant issues may need to be confronted in the Sixth Senedd. It's unclear how the pandemic will impact devolved tax policy, particularly income tax. Criticisms of the approach to local taxation and proposals for new taxes developed in the Fifth Senedd may also lead to big changes.

Yet tax policy is a sensitive subject so implementing any changes may prove challenging for the next Welsh Government.

### **New taxes for Wales**

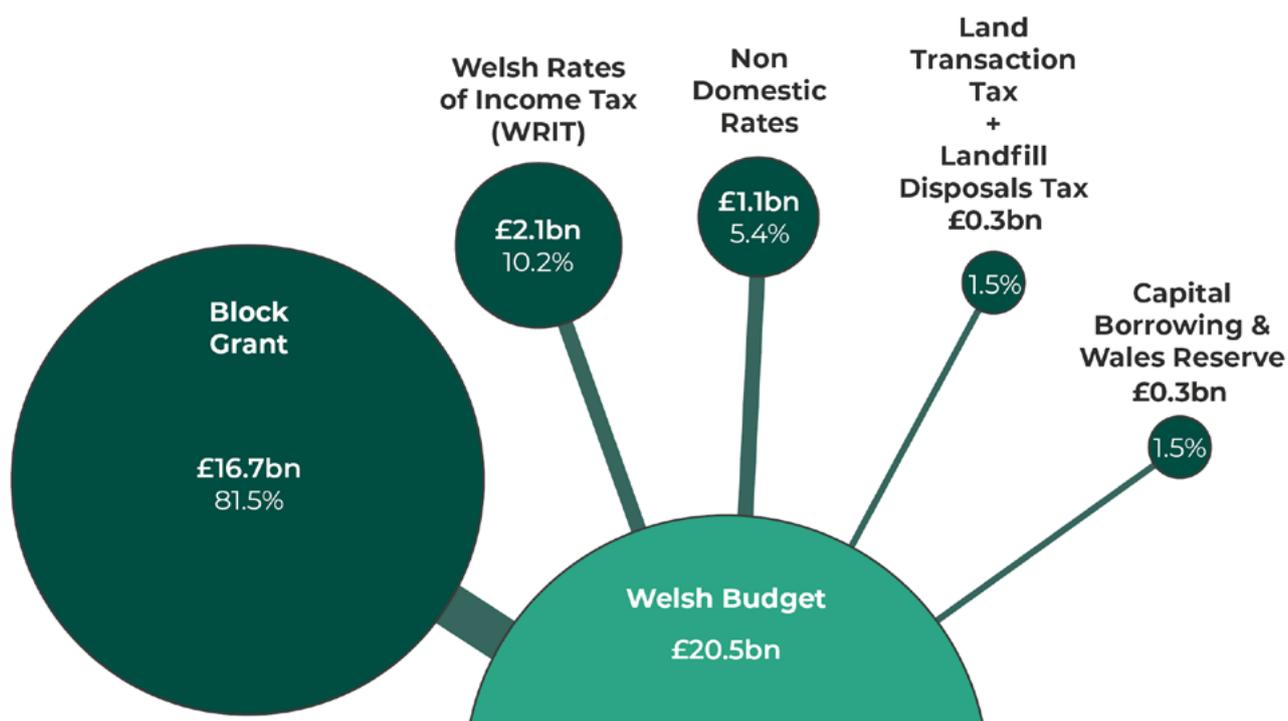
In 2018, Land Transaction Tax (LTT) and Landfill Disposals Tax (LDT), replaced UK Stamp Duty Land Tax (SDLT) and Landfill Tax (LT) becoming the first uniquely Welsh taxes since the 13<sup>th</sup> century.

This was followed by the implementation of **Welsh Rates of Income Tax (WRIT)** in April 2019, which is the largest source of tax revenue available to the Welsh Government.

The Office for Budget Responsibility (OBR), the body responsible for forecasting Welsh tax revenues, **estimated that** the Welsh Government would receive over £2.1 billion in WRIT revenue in 2021-22, while LTT and LDT would raise £260 million (before an **extension to the LTT holiday**) and £34 million respectively.

Welsh tax revenues represent 17% of the Welsh Government's budget for 2021-22.

## Composition of the Welsh Government's Budget 2021-22



Source: [Welsh Government Draft Budget narrative 2021-22](#) and [OBR's March 2021 Devolved tax & spending forecasts](#)

### WRIT changes

There have yet to be any changes to WRIT with Welsh Labour **committing in 2019** not to increase income tax rates during the Fifth Senedd.

However, given the economic challenges faced by Wales due to the COVID-19 pandemic, the Sixth Senedd could see pressure for **the first rate changes to WRIT**.

The porous nature of the Wales-England border means any divergence between UK and Welsh income tax rates could lead to **taxpayers migrating across the border**, impacting on future WRIT revenues.

Given that nearly 48% of the Welsh population **live within 25 miles** of the border and 4.9 million within a similar distance on the English side, this could be a significant issue.

## Local taxes

Council tax is one of the financial levers available to local government. Around £1.8 billion is **raised annually** from 1.4 million dwellings.

The Welsh Government has amended the council tax regime in various ways. For example, in the Fifth Senedd local authorities gained powers to **charge a premium** of up to 100% on second homes.

An **Institute for Fiscal Studies (IFS) review**, published last year, concluded that council tax was “out of date, regressive and distortionary”, suggesting it needed to be “revalued and reformed”.

Non-domestic rates (NDR) – often known as ‘business rates’ - are also a significant revenue source, generating over £1 billion annually for local government. Those funds are collected and pooled nationally before being redistributed among local government bodies. Revaluations are more frequent than for council tax, the most recent having taken place in 2017. The next list was originally planned for 2021, but due to the pandemic will **not come into effect until 2023** in order to “better reflect the impact of COVID-19”.

A number of changes to NDR were made in the Fifth Senedd, including implementing a **permanent Small Business Rates Relief scheme**, switching the inflation measure used for uprating from RPI to CPI and efforts to **tackle avoidance**.

The UK Government is currently undertaking a **fundamental review of business rates** (due to conclude in autumn 2021), any changes may have implications for the pace of change in Wales. That review considers the possibility of more frequent - three yearly - revaluations, something that has **already been implemented** in Scotland.

## Alternative approaches to local taxes

Several studies **have acknowledged** that council tax is regressive. As such, the Welsh Government has looked at the feasibility of replacing council tax and NDR with a **local land value tax (LVT)**. This system of taxation operates in Denmark, New Zealand and some parts of Australia and the United States.

LVT is a levy on the value of land and, unlike most property taxes, is a tax on the land itself disregarding the value of any improvements made to that land.

The Welsh Government commissioned Bangor University to conduct an initial feasibility study of LVT. It **found that** that while it could raise sufficient revenues to replace current local taxes, the data requirements to implement LVT weren't currently met.

The previous Finance Minister, Rebecca Evans, told the **Fifth Senedd's Finance Committee** that the Welsh Government has **also commissioned** the Institute for Fiscal Studies to consider the impact of a council tax revaluation to make the system less regressive, and Cardiff University to conduct research into whether council tax could be based on local assessments of household income.

## New taxes

The **Wales Act 2014** enables the Welsh Government to seek competence from both Houses of the UK Parliament and the Senedd to introduce new taxes to Wales. The Welsh Government is **currently seeking powers** for a vacant land tax and investigating three other potential areas for new taxes:

- Social care levy;
- Disposable plastic tax; and
- Tourism tax.

The last Welsh Government **found the process** “protracted and challenging”, and claimed the mechanism is “not fit for purpose”. The Minister stated:

It has become apparent there are serious flaws in the agreed process for devolution of further tax competence. As the process currently stands, it is difficult to envision a scenario whereby the Welsh Government could successfully make the case for further tax competence. The process needs urgent review and reform.

This is highlighted in the Minister's recent **final report** on the implementation and operation of the financial powers devolved in the Wales Act 2014. The report also provides an update on the other potential areas for new taxes.

How the next Welsh Government can drive changes to this process, and the type of new taxes it could introduce, will play a significant role in tax policy over the next Senedd term.

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## Budgeting for recovery

The Fifth Senedd saw a move away from austerity and ended with massive public spending to deal with the pandemic. How has spending changed? And what pressures lie ahead for Wales?

### **Owen Holzinger**

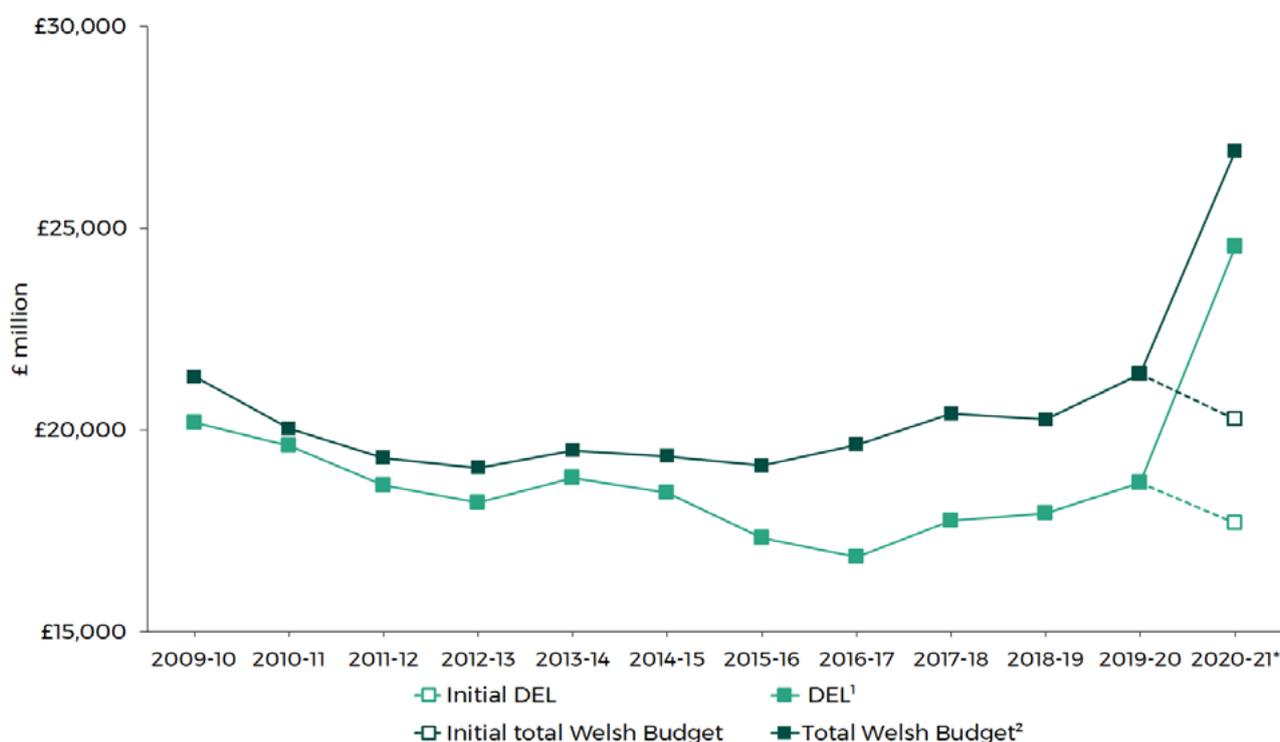
Spending on public services since the 2008 financial crisis has largely been characterised by austerity.

At the Spending Round in September 2019, the UK Government **signalled** it was “turning the page on austerity and beginning a new decade of renewal”. The **Welsh Government’s 2019-20 and 2020-21** budgets were subsequently **referred** to as “a step-change in the path of the Welsh resource budget”.

### Budgets in the Fifth Senedd

While budgets in the Fifth Senedd saw an increase in the Welsh Government’s spending power, it’s only since 2019-20 that the total Welsh budget has increased to levels above 2009-10 (in real terms). Even with that, spending on Welsh Government departments has generally remained below historic levels.

## Welsh Government Budget, 2009-10 to 2020-21 (2020-21 prices, £ million)



Source: [Welsh Government budgets](#) and [GDP Deflators \(March 2021\)](#)

Notes:

<sup>1</sup>DEL = Departmental Expenditure Limit: the discretionary part of the budget that the Welsh Government chooses how to spend

<sup>2</sup>Total Welsh Budget: includes all funding available for the Welsh block grant less the amount for the Wales Office

\*Figures at most recent Supplementary Budget. For 2020-21, figures **at the Final Budget, March 2020** (dashed) and those at the **Third Supplementary Budget** (February 2021) are included. Real terms figures reflect **atypical movement in the 2020-21 GDP deflator**.

The pandemic meant spending in 2020-21 looks very different to initial proposals. The Welsh Government's **Third Supplementary Budget 2020-21** allocated almost £25 billion to departments, a significant increase from the £18 billion **originally planned**.

While the Welsh Government reprioritised some departmental spend, most of the increase is the result of spending decisions around the pandemic in England. The current **budget for 2021-22** therefore sees a decrease in overall allocations to around £20 billion.

Health and Social Services is consistently the biggest area of Welsh Government spending. In terms of day-to-day revenue spending it takes up over half of the 2021-22 budget. Alongside Housing and Local Government, the next largest area of Welsh Government expenditure, those two areas make up around 80% of **departmental revenue budgets** in 2021-22.

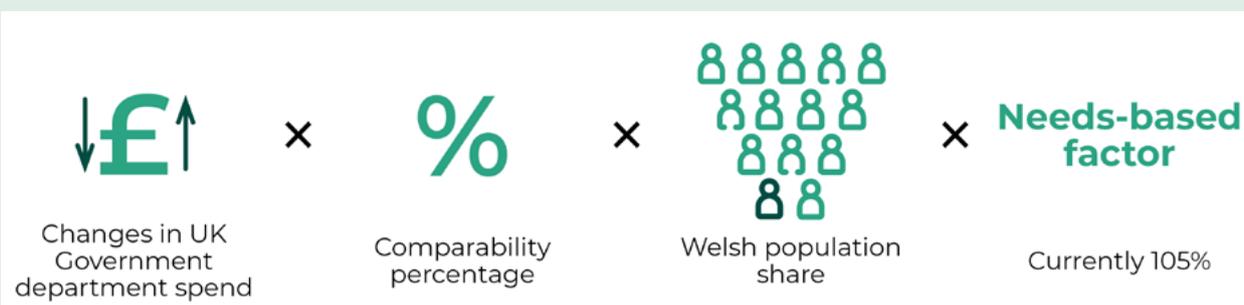
## The Fiscal Framework

The rules around Welsh Government funding are set out in the **Fiscal Framework**. Most of the Welsh Government's money comes through the **Welsh block grant**, linked to UK Government spending through the **Barnett Formula**. This arrangement was **bypassed to some extent** during the pandemic, with the UK Government offering a '**guarantee**' of funding.

### How the Barnett Formula works

The Barnett formula calculates the annual change in the block grant. It uses the annual change in a UK Government department's budget and applies a comparability percentage based on the extent to which that department's services are devolved, it also takes into account the relative population of Wales.

Wales also has a block grant floor, which ensures Wales' funding will converge to a level in line with Wales' needs. It is set at 115%. Currently the needs based factor is 105% as Wales' relative funding per head is around 120%. Once Wales' relative funding reaches 115% of England's, the multiplier will be locked at 115%.



Other fiscal measures were perhaps not flexible enough when put under the strain of the pandemic. The **Wales Reserve** is capped at £350 million and limited to an annual maximum drawdown of £125 million revenue and £50 million capital.

The significant COVID-19 funding that came to Wales at the end of 2020-21, due to policy decisions in England, meant more flexibility was required to **carry forward up to an additional £650 million**.

On the other hand, the Welsh Government hasn't used all of the fiscal tools at its disposal. It can borrow up to £150 million capital annually, but **hasn't done so in 2019-20 or 2020-21**.

These issues led the **Fifth Senedd's Finance Committee** to suggest that funding mechanisms needed urgent review. The Committee suggested:

- capital borrowing limits should be increased;
- there should be greater flexibility around the Wales Reserve; and
- there should be an independent process for challenging funding decisions, noting the UK Government acted as 'judge and jury' when it comes to Wales' funding arrangements.

## New powers for UK investment in Wales

The **Internal Market Act 2020** allows the UK Government to provide financial assistance for various purposes (see our article on Wales in the UK), anywhere in the UK. It gives the UK Government new powers to directly fund activity in devolved policy areas.

Two specific funds will take advantage of these powers:

- the UK Shared Prosperity Fund (starting with the **UK Community Renewal Fund**), which will replace EU structural funds; and
- the '**Levelling Up Fund**'. Initially a fund for England, but subsequently **extended** to cover the whole of the UK.

Debate around the use of these powers has already begun.

The **previous Welsh Government** suggested the UK Government planned to "bypass the devolution settlement" and the three Finance Ministers of the devolved nations issued a **joint statement** in March stating the UK Government was "ignoring [their] respective devolution arrangements".

However, the Secretary of State for Wales, Simon Hart, **suggested** funds would have “a greater degree of local input” and that they represented an “extension of the devolution process”.

It's unclear how or whether the Welsh Government will be involved in these spending decisions, and how they will be scrutinised.

## Familiar but significant pressures ahead?

The costs of the pandemic will undoubtedly shape the future of public sector finances. **UK Government borrowing** is due to hit a peacetime high of £355 billion in 2020-21 and forecast at £234 billion for 2021-22. Headline debt for the UK is due to hit 100% of GDP in 2020-21 (see article on economic recovery).

At the **UK Government Budget** in March 2021 the Chancellor, Rishi Sunak, outlined the need to “begin the work of fixing our public finances”. The Chancellor now **plans to spend** between £14-17 billion a year less on public services each year after 2021, than was planned prior to the pandemic. It's been **suggested** that medium-term spending plans make for “a more austere outlook for the Welsh budget and Welsh public services”.

The implications of the pandemic for public finances won't just be in terms of immediate financing of the response, but the long term pressures it creates for services. The previous Welsh Government allocated £320 million for a **reconstruction package** and £225 million for a **capital stimulus package**. The costs of recovery are only likely to increase.

It's been **suggested** that the NHS and Social Care in England would need an additional £12 billion a year to make up lost ground. In Wales, the **NHS waiting list** reached a record high of 549,353 in February 2021 (see article on NHS waiting times). The previous Minister for Health and Social Services, Vaughan Gething, **estimated** recovery would take at “least a full Senedd term”. A **recovery plan for Health** published in March outlined an “initial” £100 million of funding.

Similarly, school closures led to the previous Welsh Government providing additional funding for pupils (see article on education in the time of COVID), but the **scale and costs for pupils to ‘catch-up properly’** could be as much as “half a year of schooling”, around £1.4 billion.

Others have called on the Welsh Government to exploit the **opportunities** that recovery presents to build back greener, including investing in green infrastructure, transforming transport and public spaces, and promoting remote working.

Analysis **suggests** funding these pressures could lead to a return to austerity for parts of the Welsh Government's budget, based on current UK Government spending plans. How these pressures emerge and are addressed will be a driving force for policy and spending decisions in the Sixth Senedd.

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# Beyond the border

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- Wales in the UK
- Wales in the new international landscape



## Wales in the UK

Brexit has fundamentally changed the responsibilities of governments across the UK, making it more important than ever for them to cooperate. Can they find ways to work together effectively?

### ***Lucy Valsamidis and Nia Moss***

We think of responsibility for policy as either devolved to the Senedd or reserved to Westminster. The reality is more complex. The boundaries of where power lies are often blurred. Governments across the UK need to find ways to work together to manage these tensions – or risk failing to make effective policy decisions and tackle shared challenges.

Brexit blurred these lines of responsibility further by transferring powers previously exercised by the EU to Wales and Westminster. Since 2016, the governments have worked to develop new ways of managing these powers. But they have struggled to agree on how these new structures should work and where responsibility should lie.

### Brexit has shifted powers to governments in Wales and Westminster

The Welsh Government is **now responsible for about 4,000 new functions** previously exercised at EU level. To take just one example, it can now change how water safety and quality are monitored. Constraints on the Senedd's powers set by EU law have been removed – so if the Senedd wanted to change **retained EU law** on water quality, it could do that too.

The UK Government also has a wide range of new responsibilities in reserved areas which impact on devolved policy, from **establishing a new UK residency scheme for EU citizens** to negotiating new international trade agreements (see the article on Wales in the new international landscape).

Control of funding in devolved areas has changed too. For example, where the Welsh Government previously **managed about £295 million per year in EU structural funds**, the UK Internal Market Act 2020 now gives the UK Government powers to spend money in devolved areas like health and education. The UK

Government plans to use these powers to establish a new Shared Prosperity Fund and a Levelling Up Fund (see 'budgeting for recovery' article). The total value of this funding is not yet known.

## The governments have developed ways of managing their new responsibilities – but tensions remain

The governments recognised that they would need to change the way they worked together to manage these new responsibilities. For example, if the UK Government negotiates an international trade agreement that requires animal health checks on exports, the Welsh Government has to make or agree legislation to implement those checks. Equally, if the Senedd decides to ban the sale of certain sugary drinks, that could affect drinks producers based outside Wales too.

They sought to develop **'common frameworks'** in about 26 policy areas, including food safety and air quality. These are agreements to work together to decide when to align policy and when to diverge, sometimes underpinned by legislation. The aim was to have all frameworks agreed by December 2020. But progress was slowed by delays in the UK-EU negotiations and **final agreement hasn't yet been reached.**

In July 2020, the **UK Government said** that it didn't believe that common frameworks would be sufficient to manage divergence. It proposed what would become the **UK Internal Market Act 2020.**

The Act establishes a new system for managing trade within the UK. At its heart is the idea that goods and services that meet standards set in one country of the UK should be able to be sold unhindered in the others, even if standards there are different.

**If the Senedd wants to ban the sale of certain sugary drinks, can it do this?**

Does the Senedd have the power to introduce a ban?	Would the Welsh Government need to discuss and agree a ban with the other governments of the UK?	Could the UK Internal Market Act 2020 limit the effect of a ban?
Yes. Food and drink aren't reserved in the Government of Wales Act 2006.	Yes. The governments have agreed provisional common frameworks on food composition and nutrition.  So it's likely they would need to discuss and agree whether to follow the same rules or diverge.	Yes. It's likely that the mutual recognition principle would apply. This would mean that if the Senedd introduced a ban on sugary drinks, it wouldn't apply to drinks permitted in any other part of the UK. The UK Government could exempt rules on sugary drinks, but it doesn't have to do this.

For example, the Senedd could ban single-use plastics. However, the Act means any single-use plastics permitted or imported into the rest of the UK could still be sold in Wales. The ban would apply to businesses based in Wales, but not to those based elsewhere in the UK. So the Senedd would need to consider if a ban would put businesses in Wales at a disadvantage – and if it would achieve its intended purpose.

The last **Welsh** and **Scottish Governments** opposed the proposals. They said the Act would go further than the **rules of the EU single market** in limiting divergence within the UK. **Committees in the Fifth Senedd also argued** that it would set a new limit on devolved powers. The **UK Parliament passed the UK Internal Market Bill** in December 2020, after the Senedd and Scottish Parliament voted not to grant legislative consent.

## The future of intergovernmental relations is still emerging

With the Internal Market Act now law and the UK-EU Trade and Cooperation Agreement reached, there are still questions about how the governments should make decisions together and resolve disputes.

The **Joint Ministerial Committee (JMC)** has been the main structure for managing intergovernmental relationships since 1999. The JMC is a set of committees bringing together ministers from the UK and devolved governments. They meet on an ad hoc basis to discuss common policy interests and address disputes.

As things stand, **the JMC can reach non-binding agreements**, but can't make executive decisions. It can consider disputes between governments, but **devolved governments have criticised** the dispute resolution process as weighted towards the UK Government.

In 2018, the **governments began a joint review of intergovernmental structures** "ensure they are fit for purpose in light of the UK's exit from the EU". Politicians from different parties and parliaments **agreed that "substantial reform" was needed**.

Three years on, the **governments set out progress with the review**, including proposals for new intergovernmental structures and a reformed dispute resolution process. The **then Counsel General Jeremy Miles called this progress**, but said he wanted further negotiation on how the governments should work together on EU and international relations and on finance. The next Welsh Government will need to decide how it wants to help shape the outcome of the review.

## The Senedd will need to find ways of scrutinising how the governments work together

Without finding effective ways to cooperate, the governments will risk failing to develop law and policy that works for Wales. This means that the Sixth Senedd will need to scrutinise how well the Welsh Government is working with the other governments of the UK. It will also need to consider how proposed legislation and common frameworks could develop alignment with, or divergence from, other parts of the UK.

Understanding and influencing intergovernmental working can be difficult. People and businesses can influence each government individually, but **monitoring and influencing negotiations between them is more challenging**. And parliaments must hold their own governments to account, so scrutiny of intergovernmental working could fall between the cracks.

One way to improve scrutiny of intergovernmental working could be increasing interparliamentary cooperation. The **Interparliamentary Forum on Brexit (IPF)** was set up in 2017 to bring together representatives of committees from UK legislatures. As well as recommending reform of intergovernmental relations, it **called for better parliamentary oversight**. The IPF last met in September 2019.

The Fifth Senedd's External Affairs and Additional Legislation Committee **supported increased interparliamentary working** in its legacy report, saying this “offers at least the prospect of occasional scrutiny outcomes that are greater than the sum of their individual parts”. However it chooses to do it, the Sixth Senedd will need not just to hold the Welsh Government to account for how it works across the UK but to articulate and develop its own role in the UK's constitution.

### Key sources

- External Affairs and Additional Legislation Committee, **External Affairs: Scrutiny in the Sixth Senedd** (2021)
- Legislation, Justice and Constitution Committee, **Fifth Senedd Legacy Report** (2021)
- UK Government, **Progress update on the review of intergovernmental relations** (2021)
- UK Government, **The Dunlop Review of UK Government Union Capability** (2021)
- Welsh Government, **Reforming Our Union: Shared Governance in the UK** (2019)
- Senedd Research, **Internal Market Bill Summary** and **How has the Act changed?** (2020)

## Wales in the new international landscape

Over the course of the Fifth Senedd, the Welsh Government and Senedd's roles in international affairs changed dramatically. The UK's withdrawal from the EU has reframed the UK's approach to international engagement and has required increased cooperation between the UK and devolved governments. As a result, the role of the Senedd in the scrutiny of international affairs looks set to increase.

### ***Sara Moran and Rhun Davies***

During the Sixth Senedd, the UK is expected to sign up to a wide range of new international commitments affecting devolved policies and laws.

The Senedd's scrutiny of international commitments matters. International agreements often contain far reaching obligations which can impact on the everyday lives of businesses and people in Wales. The Senedd's ability to pass laws is also constrained by what the UK Government agrees to on the international stage. The Welsh Government's ability to deliver its policies is also shaped by these commitments. The UK Government has responsibility for leading negotiations on new agreements but recognises the role the devolved institutions have in implementing agreements in devolved areas.

Through careful scrutiny of international agreements, the Senedd has the potential to add value for the benefit of Wales.

### What new international agreements can be expected in the Sixth Senedd?

A number of new international agreements of significance to Wales are expected over the course of this Sixth Senedd. These include free trade agreements between the UK and the US, New Zealand, Australia and the UK joining the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**.

During the Sixth Senedd, the UK is also expected to sign up to new international commitments in the fields of biodiversity, food, the marine environment and climate change. These agreements will sit alongside Wales' new relationship with Europe.

The UK Government says that the trade agreements it's negotiating will present new opportunities for UK businesses, including those in Wales. Increasing UK trade with other countries will likely create losers as well as winners. These new UK agreements could result in Welsh businesses experiencing increased competition from imports, with specific sectors affected differently. For example, a **free trade agreement with New Zealand** has the potential to have a negative impact on the UK's agriculture and semi-processed food sectors, as New Zealand has a comparative advantage in these sectors.

This is why the Senedd scrutiny of international agreements matters. The Fifth Senedd's **External Affairs and Additional Legislation (EAAL) Committee** said:

The Senedd has a role in identifying Welsh interests and, through scrutiny and representation, ensuring that agreements are implemented and developed in a way that maximise their benefits to Wales.

### **Potential impact of free trade agreements on Gross Value Added in Wales.**

<b>Agreement</b> (a scoping assessment for the UK joining the CPTPP has not been published yet)	<b>Change in Wales GVA, long run % change</b> (approximately 15 years)
UK-US	Increase of <b>0.05% to &lt;0.15%</b> or <b>0.25% to &lt;0.40%</b> (depending on the extent of tariff liberalisation and reduction in non-tariff measures)
UK-Australia	Increase of <b>0.00% to &lt;0.05%</b>
UK-New Zealand	Increase of <b>0.00% to &lt;0.05%</b>

### **What role will the new Welsh Government play?**

For the first time in over forty years, Brexit means that the UK Government is negotiating and joining a number of international agreements with other countries in its own right.

The devolution settlement means that the UK Government is responsible for negotiating and entering into international agreements on behalf of the four nations of the UK. However, once agreed, observing and implementing these agreements in devolved areas is a matter for the Welsh Government and Senedd.

Engagement between the previous Welsh Government and the UK Government on non-EU trade agreement negotiations took place through a then newly-established Ministerial Forum for Trade. However, a key Concordat on trade, intended to formalise how the devolved governments can engage in the negotiations themselves, hasn't yet been agreed. In 2020, a **Senedd committee voiced** its concern at the delay in finalising these arrangements.

The UK Government has also proposed new ways of working for the UK's four governments across over twenty policy areas (including fisheries, food and the environment) under its new Common Frameworks programme. In part, the programme aims to ensure that the four nations remain in compliance with the UK's international obligations while also offering new opportunities for the devolved governments to participate in the UK's international activities, such as representation at international bodies.

## How can Sixth Senedd scrutiny of UK international affairs benefit Wales?

The Senedd's approach to international affairs has undoubtedly changed during the Fifth Senedd. The Fifth Senedd's EAAL Committee **developed a dedicated scrutiny process** for international agreements. The Committee scrutinised over 100 trade and non-trade agreements. It took action by reporting on significant agreements, as well as engaging with the Welsh Government and relevant committees in other UK parliaments on matters of interest to Wales.

### **Examples of the scrutiny of international agreements by EAAL Committee in the Fifth Senedd:**

**Trade agreements:** roll-over of EU trade agreements including with Canada, South Korea and Singapore, as well as future new agreements being negotiated such as a potential UK-US trade agreement.

**Non-trade agreements:** citizens' rights, elections and voting, fisheries, ports, air, road and rail transport, social security, science and research, judicial cooperation, film production and space.

Through careful scrutiny, the Sixth Senedd can make a difference in enhancing the value of international agreements to Wales. For example, by giving a voice to Welsh interests in situations where potential barriers to trade and opportunities for improvements are identified.

## How can the Welsh Government maximise new opportunities in international affairs?

The international context in which the Sixth Senedd and new Welsh Government will operate will have changed significantly compared to the previous Senedd as a result of the UK's exit from the EU and the economic impact of COVID-19. Against this backdrop, as well as the UK's evolving international relationships and new international agreements, the Welsh Government will need to consider if and how it wishes to promote Wales and Welsh businesses internationally.

In its **international strategy**, the previous Welsh Government set out its ambition to increase Wales' profile and influence in the world, as well as to grow the Welsh economy by increasing exports and inward investment. The Welsh Government's network of 21 **international offices** are intended to play an important role in promoting Wales internationally.

To maximise the opportunities presented by the UK's new international agreements and changing international context, the new Welsh Government may need to re-consider its international presence, where it's located, how its relationships with UK Government bodies and departments work and the focus of any strategy.

## A new international chapter for Wales?

The way in which Welsh interests are reflected in the new international landscape will be a key issue in the Sixth Senedd.

There'll be new international commitments in important devolved areas. Members of the new Senedd will need to understand what they mean for Wales and their constituents.

The previous **Welsh Government said** that the UK's departure from the EU and the economic impact of COVID-19 means it's essential for Wales to have a heightened international profile. The new Welsh Government will need to decide whether it shares this view and if so how it will deliver any international ambitions.

## Key sources

- Welsh Government [International Strategy for Wales](#) (2020)
- Welsh Government [International Trade Policy](#)
- [External Affairs and Additional Legislation Committee](#)
- UK Government [the UK's Trade Agreements](#)
- UK Government [Common Frameworks](#)
- UK Parliament [Treaty Tracker](#)

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- Economy, communities and local government
- Education and lifelong learning
- Environment and transport
- Financial Scrutiny Unit
- Health and social policy
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