

Andrew Slade  
Director General – Economy, Skills & Natural Resources  
(ESNR) Group  
Welsh Government

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15 June 2020

Dear Andrew

**Welsh Government Financial Support for Business – the economic impact of Covid-19**

I wish to thank you and your officials for attending the meeting of the Public Accounts Committee on 8 June. I, and the Members, found it to be a very useful and insightful evidence session. We welcome the candidness with which you spoke ensuring the stark reality of the challenges that lie ahead in terms of economic recovery were made clear. We note this is particularly complex given the overlay of Brexit and the additional challenges this presents.

The Committee was pleased to hear that economic support packages and programmes were mobilised within days to support Welsh businesses and wish to thank you and your teams for the commitment to getting those vital programmes implemented in such a short space of time.

There was one area of questioning, relating to the wider impact of Covid-19 on the ENSR Group, we were unable to touch upon due to time constraints, I said I would write to you on. These are detailed below:

- Looking more broadly across the ENSR Group, what activities are taking priority, what work has been deprioritised to release capacity, and how has the Group governed its way through the situation to date?
- What are the key risks and challenges that the Group is grappling with, including likely pressure points on future budgets?
- How have officials maintained oversight and communication with the various sponsored bodies that fall within the Group's portfolio?



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- Are there any key lessons that you have already identified around doing business differently that you are looking to harness for the future?

During the evidence session, there were a number of areas that you and Duncan Hamer agreed to come back to the Committee on, which I have summarised below:

- What action the Welsh Government's Fraud Unit are undertaking to ensure the risk of fraud has been minimised;
- Provide the latest figures for the number of applications received and the approved funding for the various economic schemes;
- Confirm the difference in data contained in the letter from the Minister for Economy, Transport and North Wales letter and the Statistical Release of 1 June to Members of the Senedd;
- Confirm how many applications were received from businesses that had had no previous relationship with the Welsh Government;
- Confirm the number of applications and expenditure paid to businesses in the tourism sector; and
- Confirm the turnover thresholds that will apply to Phase 2 of the Economic Resilience Fund.

Finally, during the Members consideration of the evidence received, a number of issues came to light which I said I would share with you.

Members noted that some excellent channels of communications between the Welsh and UK Governments had been established, specifically with the Department for Business, Energy & Industrial Strategy (BEIS) but unfortunately not as good with other departments, in particular HMRC.

I would welcome clarification on the extent of the links the ESNR Group has established, which, should we ever face an emergency on this scale again, could mean you are better prepared? The Committee would hope that these communication channels you have established could have a shared purpose and be maintained after the immediate inference reduces.

Again, whilst being hugely appreciative of the work the ESNR Group has undertaken to support businesses during the emergency, Members remain concerned about the Climate Emergency and suggested that the Public Health



Emergency is perhaps a time for airline companies reflect on how they can reduce their carbon emissions. We discussed whether, on a UK wide basis, fresh targets for emissions could be considered for when there is a return to the volume of flights we had become accustomed to, prior to lockdown. We also remain concerned about the future of Cardiff Airport and any subsequent loss of skilled jobs at the adjoining BA maintenance facility.

It was also felt that a move towards the manufacture of hydrogen fuelled cars could be pursued as Wales has the skills in the automotive industry to manufacture such vehicles from renewables.

The manufacture and distribution of PPE also needs to be looked at as, UK wide, we cannot rely on this vital equipment being sourced internationally. A clear strategy is required to enable those organisations who require PPE, in their day to day jobs, to be able to obtain it without issues.

The negotiations on the trade deals associated with the UK leaving the EU are still on-going, in the midst of the pandemic. Whilst a large majority of the Welsh Government's workforce have been diverted to deal with the pandemic, we must not forget that these vital negotiations are still being undertaken. We remained extremely concerned about the impact of these negotiations on trade and the consequences for Wales of being subject to the rules of the World Trade Organisation.

We are also conscious that your department has responsibility for Brexit in Wales and your referred to the same team being responsible for Brexit and the economic response to Covid-19. We are concerned about the pressure this has placed on staff and the impact on capacity and resilience within that team.

As we are in the final year of this administration prior to the Senedd elections scheduled for May 2021, due to all the pressures the Welsh Government is experiencing managing the pandemic, not all the Welsh Ministers are going to be able to deliver on the published programmes due to a combination of lack of resources – financial, workforce and time. Unfortunately some programmes/policy objectives will have to be adjusted or carried over for consideration by the next administration. On behalf of the Committee, I wish to reinforce the call for UK



recognition of the excessive and unknown demands that have been placed on the devolved nations administrations during these unprecedented times.

Finally, arising from our evidence session, the Committee has submitted a view to our counterpart Committee in Westminster on the recent National Audit Office Report on Overview of the UK government's response to the COVID-19 pandemic, which was published on 21 May. I attach a copy of the Committee's response, for information.

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

**Nick Ramsay MS**  
**Chair**

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English.

