

# Agenda – Economy, Infrastructure and Skills Committee

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Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 19 October 2017

Meeting time: 12.15

For further information contact:

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**Rail themed Committee visit – How are rail companies dealing with leaves on the line? (09.00–11.45)**

**Private pre-meeting (12.15–12.30)**

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

**2 Cabinet Secretary for Economy and Infrastructure – Selling Wales to the World**

(12.30–13.30)

(Pages 2 – 61)

Ken Skates AM, Cabinet Secretary for Economy and Infrastructure

Jason Thomas, Director – Culture, Sport & Tourism

Andrew Gwatkin, Deputy Director – International Trade & Investment

Attached Documents:

Research brief

EIS(5)–23–17(p1) Cabinet Secretary for Economy and Infrastructure



### **3 Paper(s) to note**

#### **3.1 Correspondence from the Chair to the Cabinet Secretary for Economy and Infrastructure regarding the National Transport Finance Plan**

(Pages 62 – 63)

Attached Documents:

EIS(5)–23–17(p2) Correspondence from the Chair to the Cabinet Secretary for Economy and Infrastructure regarding the National Transport Finance Plan

#### **3.2 Annual report to the Welsh Government – Traffic Commissioner for the Welsh Traffic Area**

(Pages 64 – 71)

Attached Documents:

EIS(5)–23–17(p3) Annual report to the Welsh Government

#### **3.3 Correspondence from the Chair of the Public Accounts Committee regarding the Welsh Government's oversight of further education colleges' finance and delivery**

(Pages 72 – 77)

Attached Documents:

EIS(5)–23–17(p4) Correspondence from the Chair of the Public Accounts Committee

#### **3.4 Correspondence from Careers Wales regarding the Committee's scrutiny of the Minister for Skills and Science on 27 September.**

(Pages 78 – 80)

Attached Documents:

EIS(5)–23–17(p5) Correspondence from Careers Wales regarding the Committee's scrutiny of the Minister for Skills and Science on 27 September

**Private de-brief (13.30–13.40)**

# Agenda Annex

Document is Restricted

# Agenda Item 2

Document is Restricted

## **ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE WRITTEN EVIDENCE – INQUIRY INTO SELLING WALES TO THE WORLD**

The purpose of this paper is to provide written evidence to the Economy, Infrastructure and Skills Committee on their inquiry into Selling Wales to the World. This paper gives an overview of what has been done to date to sell Wales abroad, mainly in the areas of trade, tourism and skills/training. Also attached at annex c and d respectively are updates on reports from the previous Assembly: Tourism (November 2014) and Welsh Government's approach to the promotion of trade and inward investment (October 2014)

### **How Welsh and UK Governments sell Wales to the World at present in terms of trade, tourism and skills/training**

Selling Wales to the world has always been a collective effort. The Welsh Government works collaboratively with a wide range of public and private sector partners to achieve this, including maintaining key relationships with:

- UK Government Departments - including International Trade (DIT), Culture, Media and Sport (DCMS), the Foreign and Commonwealth Office (FCO), and Business, Energy and Industrial Strategy (BEIS);
- Other bodies such as Chambers of Commerce, VisitBritain and British Council;
- Key Welsh organisations with international interests such as the Welsh Rugby Union, Football Association of Wales, Wales Arts International, National Orchestra of Wales and Welsh National Opera.

Our overseas offices are located in the strategically important markets of Europe, the USA, China, UAE, India and Japan and are a key part of our approach to selling Wales - whether this is as a place in which to invest, a place from which to buy goods, to study in or as a place to visit.

In terms of **trade**, the Welsh Government conducts a programme of business development activity and offers a range of support for exporters tailored to meet each company's needs.

Core activity is driven by our overseas events programme, which is published annually and enables companies to travel to markets to meet customers or attend exhibitions and trade shows. It includes a mixture of new and emerging markets which can be more challenging to access, such as Singapore, as well as more traditional markets where there are relatively few barriers for Welsh companies to overcome, like the Netherlands and the USA. This allows us to add value for more experienced exporters whilst also ensuring that newer exporters can explore exporting in a safe and secure environment.

Our **tourism** campaigns act as a 'flag carrier' for the Wales brand and promoting our nation internationally, and our tourism strategy sets out our key international priorities and markets. A key focus of our current international tourism campaigns activity (beyond our core UK and Ireland marketing) is towards Europe (with a particular emphasis on Germany) and North America, as well as targeted partnership marketing activity focused around airline routes operating into Cardiff, providing vital links between Wales and key

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overseas markets. Visit Wales also operates a pro-active tourism travel trade programme across a range of international markets targeting inbound tour operators.

A key focus on messaging associated with Wales as a destination for **businesses** to invest is towards the competitive **skills/training** programmes offered to businesses based here for their workforce requirements. Access to a skilled workforce and associated support for recruitment and training programmes was one of the key factors for Aston Martin choosing St Athan as the site for its second UK manufacturing plant (from 20 potential global locations considered).

The **tourism** sector has been identified as a key sector in the regional **employment and skills plans** which were recently submitted to Welsh Government by Regional Skills Partnerships. The plans are aimed at starting to drive planning decisions for providers and to establish a critical evidence base from which to make future skills investment decisions. This approach is providing the mechanism to enable Welsh Government to align regional skills provision to investment and growth opportunities, including the priorities identified by Enterprise Zones, City Regions/Growth Bids and potential cross-border collaborations.

The **Skills Employer Engagement Team** work directly with employers to support the skill needs of both significant indigenous expansion projects and potential overseas investors. The team complements and works collaboratively with Wales' International Trade and Investment Division who lead the Welsh Government's package of support to these projects.

The key role of the Employer Engagement Team is to provide 'one to one' detailed advice and guidance to help the navigation and promotion of the range of skills, training and funding support available in Wales. This includes ensuring employers and potential investors can forge productive relationships with Wales' training providers, especially Higher and Further Education, to not only access required training but also influence future provision to ensure Wales' training and development continues to meet the needs of our employers.

### **The role of the Welsh Government's overseas offices**

The overseas offices are multifunctional; responsible for contributing to the Welsh Government's activity in the fields of trade and investment, government relations, tourism, culture and education. They provide Wales with a face on the ground, building and maintaining relations, facilitating business meetings and strategic engagement with British Posts and Welsh societies. The overseas offices provide vital support to Ministerial visits overseas, delivering a programme of activity towards enhancing the reputation of Wales as a place in which to invest, do business, work, study and visit.

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The overall running cost of the Welsh Government's overseas offices in 2016-17 was £550,463.90. The table at annex A provides a breakdown by office as included in the Welsh Government's State of the Estate report for 2015-16.

There are currently 15 representations across 7 countries: Belgium; China; India; Ireland; Japan; the United Arab Emirates; and the United States of America. There are 32.5 full time equivalent (FTE) Welsh Government overseas posts included in those representations. A full breakdown of posts based on their Welsh Government equivalent is at Annex B.

Our overseas offices work in collaboration with Wales-based staff to sell Wales to the world. They assist with opening doors, identifying and maintaining relationships and economic lead generation. They undertake a range of relationship building, information gathering and profile raising activity with both government and businesses alike; much of this activity is difficult to quantify but it is vital to the Welsh Government's achievements in these countries.

### **Welsh and UK Government support for exporters, and inward investment**

International trade and investment helps to grow and maintain a strong Welsh economy.

#### **Exports**

We recognise that exporting is a driver and enabler for growth and that it creates economic opportunity for individuals and businesses. Businesses that export, tend to grow more quickly, are more resilient and pay higher salaries. The Welsh Government supports businesses to grow their exporting capability by focussing on addressing the barriers in four key areas:

- inspiring companies to see exporting as a vehicle for growth;
- transferring the knowledge and skills to help companies increase their capability to export;
- helping companies to connect with potential customers overseas; and
- supporting visits to overseas markets.

These aims are delivered by experienced export advisers with the support of five programmes:

- In-Wales events;
- International Trade Development (ITD) programme;
- International Trade Opportunities (ITO) programme;
- Overseas events (including trade missions);
- Overseas Business Development Visit (OBDV) grant scheme.

Welsh companies are also able to access support offered by the UK Government such as UK Export Finance (UKEF) and access to business

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opportunities; our programmes complement that support, minimising any confusion for businesses.

To measure the impact of our support, we consider the amount of business secured by companies we have assisted. Last year, for example, Welsh companies secured over £70 million of new export business as a result of Welsh Government support.

### **Inward Investment**

UK and internationally-owned businesses investing in Wales bring significant localised opportunities through areas such as supply chain, academic interaction and skills development. They provide a range of employment opportunities, catering for all levels of capability whilst offering opportunities for progression for all. They also contribute positively to our exporting position as much of their products and services are for delivery internationally.

Wales has an open and outward-facing economy and is a long-established destination for foreign direct investment as well as investment from elsewhere in the UK; both are crucial to the Welsh economy.

Our support for investors is varied but tailored to meet the company's requirements. It ranges from the provision of a dedicated single point of contact to answer enquiries, to more focused activity such as identifying suitable properties or offering financial support. Ministerial involvement has undoubtedly been a crucial factor in securing some recent successes; this sends a clear message to companies that we are serious about attracting their investment.

We also continue to support companies after they arrive in Wales. We have a comprehensive aftercare programme with dedicated account managers where appropriate.

Levels of investment into Wales from companies outside of Wales, including other parts of the UK, has reached record highs in recent years. This is proof of Wales's reputation as a great place to do business and evidence that our business friendly approach is paying dividends.

### **The knowledge of 'Wales.Com' web site and in particular the help given by Business Wales**

At present, the Welsh Government directly manages or funds four international websites to promote Wales:

- *visitwales.com* - promotes tourism and attracts leisure visitors to Wales;
- *studyinwales.ac.uk* – promoting Wales to international students
- *tradeandinvest.wales* - promotes Wales to an international business audience as well as other regions of the UK;



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- *wales.com* - a cross-cutting website that also acts as a portal for the other sites. It directs business visitors and enquiries to the *tradeandinvest.wales* site and the Business Wales team.

We are constantly aiming to improve our digital footprint and our new Wales Digital Gateway project will offer improved integration between the existing sites and provide a more seamless journey for audiences looking for information about Wales. This will include a more centralised approach to producing content, and a focus on pushing out more frequent high-quality engaging content on Wales across our sites. A particular focus will be on *wales.com* and engaging with a more diverse range of audiences who may be interested in learning more about our nation.

The project will be supported by a sophisticated digital marketing strategy focused on growing users across the portfolio of websites promoting Wales, and a new evaluation framework which will provide a regular flow of data to inform tactical and strategic decision-making. In parallel, a similar approach will also be introduced to planning content across our social media channels.

The Business Wales website focuses on information, advice and guidance for in-Wales audiences looking to start or grow a business. It is supported by an ongoing marketing campaign. The *tradeandinvest.wales* website focuses on out of Wales audiences and seeks to inform and attract potential businesses to invest in Wales. If a business located within Wales is looking for business support, and visits the *tradeandinvest.wales* site, it is prompted to visit the Business Wales website (*businesswales.gov.wales*).

Since the launch of *tradeandinvest.wales* in November 2016 and the end of July 2017:

- the site has received over 76,000 unique visitors – 58 per cent more than the former *JustAskWales.com* website over the same period in the previous year;
- the associated twitter channel *@InvestWales* has grown from approximately 600 followers to more than 9,100 followers.

### **The clarity and strength of Wales’s international tourism “brand”**

The destination brand for Wales was developed and first introduced in early 2016 through Wales’s *Year of Adventure* tourism campaign. The strategy behind the brand is both compelling and engaging; and aims to drive Wales’s reputation as a tourism destination on a UK and international stage, as well as to inspire tourism stakeholders in Wales and create a sense of confidence amongst the industry.

The new brand provided a platform for the tourism themed year approach, introduced through Year of Adventure 2016, followed by Year of Legends 2017, Year of the Sea 2018 and Year of Discovery 2019. Each theme aims to do more to sell what is unique about Wales and to capitalise on established or evolving strengths in Wales’s tourism offer; and our competitive advantage over other destinations.

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At the heart of the brand is a strong visual identity system, including a contemporary and reductive rendering of the familiar dragon icon that re-establishes the link with the national flag. Another cornerstone of the visual identity is the bespoke typeface, Cymru Wales Sans, inspired by the Welsh typographical heritage and which incorporates digraphs that are unique to the Welsh language, creating a 'glue' that draws together the different strands of activity.

As well as providing a platform for Visit Wales's international tourism campaigns, the brand also aims to provide inspiration for exciting new tourism experiences that will help build a critical mass of world class projects to feed new perceptions of Wales as a creative and contemporary tourism destination.

The new brand has already received significant support and enthusiasm amongst stakeholders, industry and consumers, not only for its straightforward but compelling narrative and visual identity but also because of the early campaign results that are demonstrating the new approach is working. It has also been endorsed by a number of quality brands (such as Aston Martin, Monocle, Red Bull etc.) keen to reinforce the work being undertaken to promote Wales to the world.

### **The success of Visit Wales's international marketing activities**

Full year results for the International Passenger Survey 2016 were published on 18 May, showing that:

- trips to Wales are up 10.8 per cent compared to 2016, with spend on trips to Wales up 8.3 per cent; and
- the number of international visits to Wales in 2016 was 1.074 million, and the associated spend was £444 million.

This is the first time since 2008 that Wales has attracted over a million international visitors and these are the highest spend figures ever recorded for Wales.

Additional visitor spend directly attributable to Visit Wales marketing campaigns and activities in 2016 was over £361 million; an increase of almost 18 per cent compared to 2015. Ongoing investment in *visitwales.com* has played a significant role in this increase in revenue driven through Visit Wales's tourism marketing activity over the last few years.

There has also been a growth in Visit Wales's social media following to one million and initial research suggests that this is a highly-engaged audience, which has been directly influenced to visit Wales as a result of our content communications with them, accounting for around £30 million of the forecast additional spend generated in 2016.

There is room to further grow Wales's profile and performance in international territories and to drive new, high-value interest in Wales.

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**How Colleges/Universities promote international studying in Wales**

The Welsh Government actively promotes Wales as a place to study on *wales.com* and works closely with the British Council and with Study in Wales, who provide international students with everything they need to know about studying in Wales

Global Wales is a partnership between Universities Wales, Welsh Government, British Council Wales and the Higher Education Funding Council for Wales. It supports investment in Wales by building collaborative ventures through market research, intelligence gathering, targeted inward visits and outward missions and increased promotional activities through activities such as the delivery of the new 'Study in Wales' brand in key markets.

**Objectives**

- Deliver a consistent message about the quality and diversity of the Welsh HE offer in terms of research, skills, knowledge exchange, and student experience with a view to driving further overseas investment to Wales;
- Facilitate mutually beneficial partnerships with key Welsh sectors to further develop international links and to attract inward investment and tourism;
- Provide increased support to institutions in their existing international activities to project a more joined up view of the Welsh offer;
- Develop new initiatives that can contribute to the growth of the sector's overall contribution to the Welsh economy notably in the areas of collaborative research, innovation and student recruitment; and
- Work together more effectively by sharing resources, collaborating on inward missions, and organising joint outward missions.

The target markets identified by Global Wales research are the USA and Vietnam.

The Welsh Government provides financial support for universities to attend the Association of National Educators (NAFSA) conference held annually in the USA to promote the opportunities for American students to study in Wales. Each year, the NAFSA Annual Conference brings together between 9,000 and 14,000 practitioners and industry professionals in the field of international education for five days of networking, workshops and educational sessions. The event is a one-stop-shop for business between countries in higher education and research from across the globe. It is the largest single international higher education event in the world.

In addition, officials have facilitated the invitation of the Vietnamese Ambassador to Wales and he met with the Director of Skills, Higher Education and Lifelong Learning (SHELL) and Education and Public Services officials to better understand the requirements of the Vietnamese HE sector. Officials are working towards holding a trade mission to Vietnam in the autumn, which will include representatives from universities in Wales.

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Officials in our overseas offices also promote 'Study in Wales' in target markets via an online portal, promotional publications and key international education conferences. Officials are working in partnership with universities and colleges to share resources and materials to promote Wales as an attractive and stimulating location to study, live and visit.

Both collectively, through Colleges and Universities Wales, and individually, institutions undertake work themselves to promote the opportunities to study, live and visit Wales through offshore campuses and offices, links with international partners, the use of overseas agents and websites such as Study in Wales and on commercial websites such as Student World Online.

The Welsh Government policy document "Brexit and Fair Movement of People" published in September includes discussion of the implications of Brexit and the UK Government's migration policy for international students in Wales and highlights the Welsh Government's concerns about the approach to future migration for Wales. Furthermore, stakeholders in the HE sector in Wales have raised their concerns about the detrimental impact that the narrative around the UK Government's views on migration and attitudes to overseas students could have on their perception on the UK and Wales as a potential study destination.

The Welsh Government believes that continued free mobility across Europe for students and researchers is in the best interests of Wales and the UK as a whole, and has made clear its view that students should not be counted in net migration targets.

### **How the Welsh Government can assist in attracting large international events to Wales**

In June 2017, Wales hosted one of the world's biggest and most prestigious sporting events in Cardiff. The UEFA Champions League Final was the spectacular culmination of a four-day celebration of football in our capital city. The eyes of the world were upon us and a concerted 'Team Wales' effort delivered a memorable experience for the teams, spectators and everyone visiting Wales for the event; earning Praise from UEFA that we delivered "*...nothing short of excellence...*" and "*...a remarkable and professional series of football events...*"

Also in June 2017, Glamorgan Cricket successfully hosted matches in the ICC Champions Trophy. The 'Summer of Sporting Legends' continued as Royal Porthcawl Golf Club hosted the Senior Open Championship for the second time.

We also support a thriving portfolio of 'home grown' arts and cultural events. The wide range of events offers a rich and diverse range of cultural experiences. They include:

- Machynlleth Comedy Festival;
- Hay Festival;

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- Gregynog Festival;
- Green Man Festival;
- Iris Prize;
- Pembrokeshire Fish Week; and
- 2016's Roald Dahl extravaganza – City of the Unexpected.

These events offer audiences, both here and internationally, unique experiences of Wales as a nation which is authentic, creative and alive.

All of this has been achieved with the help of Welsh Government funding and is proof that, since the launch of our major events strategy in 2010, we have made big strides in building Wales's position in the global events industry.

Working with public and private sector partners in Wales and the UK, we have built strong and effective relationships with international event owners and the international events community more widely, gaining their respect, trust and confidence in Wales's event hosting capability. There is no doubt that, in a relatively short space of time, Wales has become a serious player in a fiercely competitive global market.

In addition, the Welsh Government is developing a new approach to attracting leading business events to Wales; further showcasing the destination on an international stage. This will capitalise on the significant potential identified to draw large international association events and conferences to Wales. The main goal is to attract international association conferences and meetings linked to key industry sectors and growth regions being targeted for inward investment and economic development throughout Wales, plus subjects of academic, scientific or medical excellence.

We remain ambitious in our outlook and are committed to building on our recent success. We are working closely with our network of contacts representing the entire spectrum of the global events industry to identify new hosting opportunities.

### **Maximising support from the EU and the impact of Brexit**

#### **Impact of Brexit**

Currently the EU has a number of Free Trade Agreements with major world economies and these are set to gradually increase in number. Welsh companies have benefited from these in terms of making their costs more competitive.

Since the EU referendum result, we have introduced a number of measures to protect jobs and provide stability to Welsh businesses. These include developing new campaigns to promote inward investment and introducing new ways to boost national competitiveness.

The Welsh Government is considering the implications for the whole of the Welsh economy including the visitor economy, where the key emerging issue

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is the potential impact on labour supply. Our White Paper, *Securing Wales' Future*, highlights the positive contribution that EU citizens make to daily life in Wales with a significant proportion of EU nationals working in our thriving tourism industry and also making an important contribution to our creative industries and to cultural life in Wales.

At present, work is ongoing as to what Brexit will mean for the UK's relationship with the EU. However, in the short to medium term Brexit can be seen as positive in relation to both domestic and international tourism due to the weakening of sterling. Visit Wales is working hard to take advantage of this. Visit Wales has increased its international marketing spend, taking advantage of a boosted budget to up-weight its international marketing programme in key overseas markets including Germany and the USA, delivering multi-media marketing programmes including advertising, PR/social media and both digital and direct marketing.

We continue to call on the UK Government to provide Welsh businesses with the clarity they urgently need and we demand that it does not lose sight of the needs of businesses, workers and potential investors as Brexit negotiations are underway.

### Support from the EU

Wales has benefitted greatly from being part of the EU, including around £370m a year from the European Structural and Investment Funds for regional economic development. Through schemes such as the Swansea Bay Innovation Campus, KESS (Knowledge Economy Skills Scholarships), the Wales Business Fund, Apprenticeships and Traineeships, the funding is helping to boost business and research and innovation and is supporting thousands of people to raise their skills and enter work. In terms of trade, EU funding helps to support the Welsh Government's export support programmes. Welsh companies can access this funding to develop their exporting capabilities.

We are continuing to deliver the EU funding programmes 2014–2020, which includes support for tourism and exports. For example, we have secured an EU funding package for tourism, with a potential total value of £85 million between 2014 and 2020 – the single biggest EU investment made in the sector. The funding 'Tourism Attractor Destinations', backed with £27.7 million from the European Regional Development Fund, will create 13 'must visit' destinations to drive interest in Wales as a holiday destination for new and repeat visitors.

EU funds are also supporting a number of schemes to boost the skills of people and, in doing so, are helping to make Wales a more attractive place to do business and increase inward investment. The EU funded Apprenticeships and Traineeships schemes, in particular, underpin a number of Taking Wales Forward commitments, including the commitment to deliver 100,000 apprenticeships and to reshape employability support.

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All EU funding investments that are made before the UK leaves the EU will be guaranteed by the UK Treasury.

We also continue to press the UK Government for full replacement funding post-Brexit - at equivalent or greater levels to that currently received - so that we can continue to make the kinds of investments across Wales that will support growth and jobs and help us to sell Wales to the World.

We have also called for the UK to continue to participate in EU programmes such as Horizon 2020 and the European Territorial Co-operation programmes beyond 2020 given the important economic and social benefits and partnerships they help to create for Wales.

### State aid

We also urge the UK Government to set out a framework by which State aid can be applied to support businesses post-Brexit. Under current arrangements, a unique selling point for Wales is the Assisted Areas programme. These are geographical locations where the government can offer additional financial support, typically to businesses, under European Commission State aid rules. For example, the West Wales and the Valleys programme area is designated as an 'A' area so a company choosing to locate here could receive the maximum level of financial support. This, undoubtedly, strengthens the Wales offer and has proved to be an attraction for a number of investors.

In line with the principles of the current tiered system, a new post-Brexit framework should not be a "one size fits all" approach and should reflect local need across the UK.

### **What lessons Wales can learn from similarly sized countries**

The development of digital technologies has transformed the marketing landscape, enabling a small and creative country like Wales to define itself on the world stage - to grow our profile and performance as a place to invest, do business, visit, study, and live. As part of the work undertaken to develop a refreshed Wales destination brand, and as we now move towards investing in the market-leading digital infrastructure required to underpin the brand (via the new 'Wales Digital Gateway' project), the Welsh Government reviewed a number of interesting nation brands and models.

This included a review of destination brands from countries or regions of similar size, to others with stand-out tourism campaigns and/or compelling country websites. These ranged from countries such as Scotland, New Zealand, Iceland, Sweden, Norway, Denmark and Slovenia amongst others.

A key learning was that effective destination brands invariably do the following things well through their brand and campaigns activity:

- elevate their status as nation;
- surprise and inspire audiences;

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- change perceptions;
- do good things; and
- demonstrate what makes them unique, unmistakably who they are

These five factors now form a cornerstone of the new Wales brand and are regularly used as a useful checklist against every project, initiative or campaign executed under the brand approach.

The relationships which we foster at both country and regional level contribute to both our learning and influence. Engaging directly and through participation in organisations such as the Conference for Peripheral Maritime Regions (CPMR) provides numerous opportunities to share best practice and develop collaborative projects.

Most governments offer a form of export and/or inward investment support to companies. Support provided by governments has very similar goals but can be delivered in a variety of different ways. This includes:

- activities to encourage companies to export;
- market visits;
- interventions to help companies develop their export capability;
- financial and/or softer support packages for inward investors; and
- dedicated aftercare for investors.

Wales has also seized the opportunities afforded by being a smaller, more dynamic nation, by becoming a trailblazer for other nations to follow.

For example, in 2008, Wales became the first fair trade nation. This was followed by other countries, such as Scotland, who had the opportunity to learn from our example.

We have also developed other ground breaking policies and programmes. Since 2006, our Wales for Africa programme has supported and encouraged people right across Wales to take an active role in international development. We have funded more than 530 projects across 25 African nations.

Our focus on the UN Sustainable Development Goals has also been strengthened by the passing of the Well-being of Future Generations Act in 2015. This helps to ensure that, as we build a prosperous Wales, we take into account the global impact of our decisions and our actions. Sustainability is at the heart of our policy development and this is a lesson we can give to others.



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**Annex A**

<b>Overseas Estate - Annual Running Costs (£)</b>		
<b>Office</b>	<b>Agreement</b>	<b>2016-2017</b>
<b>Atlanta</b>	Co-located in British Consulate, Atlanta	9000.00
<b>Bangalore</b>	Co-located in Deputy High Commission	9000.00
<b>Beijing</b>	WG direct lease	17330.76
<b>Brussels</b>	WG direct lease	317105.00
<b>Chicago</b>	Co-located in British Consulate, Chicago	9000.00
<b>Chongqing</b>	WG direct lease	36790.17
<b>Dubai</b>	Co-located in the British Embassy, Dubai	18000.00
<b>Dublin</b>	Co-located in the British Embassy Dublin	9765.33
<b>Mumbai</b>	Co-located in British Consulate, Mumbai – since January 2017	38133.36
<b>New Delhi</b>	Co-located in British High Commission	9000.00
<b>New York</b>	Co-located in British Consulate New York	18000.00
<b>San Francisco</b>	Co-located in British Consulate, San Francisco	9000.00
<b>Shanghai</b>	Located in the British Centre (with other British partners such as British Council and FCO)	17464.74
<b>Tokyo</b>	Co-located in British Embassy, Tokyo – since April 2016	5874.54
<b>Washington</b>	Co-located in British Embassy, Washington	27000.00
	<b>Total</b>	<b>£550,463.90</b>

**ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE  
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**Annex B**

**Overseas Offices - Staffing**

<b>Location</b>	<b>Number of Staff (FTE)</b>	<b>Breakdown</b>
<b>Europe</b>	<b>9</b>	
Brussels	EU Policy	1x Senior Civil Service 1 3x Executive Band 2 3x Management Band 2
	Trade & Investment	1x Executive Band 2 1x Management Band 1
<b>China</b>	<b>5</b>	
Beijing		1x Management Band 1
Chongqing		1x Executive Band 2 2x Management Band 1
Shanghai		1x Management Band 1
<b>Ireland</b>	<b>1</b>	
Dublin		1x Executive Band 2
<b>India</b>	<b>4</b>	
Bangalore		1x Management Band 1
Mumbai		1x Executive Band 2 1x Management Band 1
New Delhi		1x Management Band 1
<b>Japan</b>	<b>3.5</b>	
Tokyo		1x Executive Band 2 2x Management Band 1 1x Agency Staff (Part Time)
<b>United Arab Emirates</b>	<b>2</b>	
Dubai		1x Executive Band 2 1x Management Band 1
<b>USA</b>	<b>8</b>	
Atlanta		1x Management Band 1
Chicago		1x Management Band 1
New York		2x Management Band 1
San Francisco		1x Management Band 1
Washington		1x Senior Civil Service 1 1x Executive Band 2 1x Management Band 2
<b>TOTAL</b>	<b>32.5</b>	

## **Welsh Government's update to its responses to the report by the Enterprise & Business Committee on its inquiry into Tourism in November 2014**

### **Introduction**

Tourism makes a significant contribution to the Welsh economy both directly and indirectly in terms of jobs and expenditure generated. The 2013 Deloitte report *Tourism: Jobs and Growth* indicates that tourism directly contributes £3.1 million or around 5.4% of Gross Value Added for the Welsh economy.

The visitor economy in Wales is estimated to make a much larger contribution equating to 13.9 per cent of Welsh GVA, if the indirect impacts of tourism business spending are taken into account. Welsh Government sector statistics indicate that some 132,400 people were directly employed in tourism in Wales in 2015, an increase of 34 per cent since 2006. Employment in tourism in Wales has grown at a faster rate than tourism in the UK as a whole since 2006.

The Welsh Government is strongly committed to developing the visitor economy by promoting Wales as a high quality destination, extending the tourism season, improving infrastructure and supporting investment in training to support quality products and enhance the visitor experience.

Overnight trips by GB residents are a key part of the visitor economy of Wales accounting for over 90% of trips and 80% of spending by staying visitors to Wales. The volume of trips and spend from the GB domestic market in Wales grew strongly between 2012 and 2015 with a real terms growth in earnings and an increase in Wales market share.

In terms of overseas visitors to Wales, figures from the ONS's International Passenger Survey report strong continuous growth in inbound international visitor arrivals and spend in Wales. In 2016, there were over a million international visits with a record expenditure of £444m. This was the fourth consecutive year of growth which has continued into the first quarter of 2017.

The Welsh Government will continue to deliver against the targets and objectives contained in the tourism strategy and its related framework action plan.

## Recommendations

**Recommendation 1:** The Welsh Government should build upon the work of the Ashton Brand Consulting Group to develop a strong, cohesive Wales tourism brand. (Page 19)

**Response: Accept**

As said during Welsh Government oral evidence the key branding principles established by this work, along with the overarching product-led brand approach recommended, is already being taken forward through marketing campaigns and other Tourism and Marketing activities.

**Update:**

A new destination brand for Wales was developed and introduced in early 2016 through the Year of Adventure campaign. The ambition behind the brand was twofold: to create a more unified approach to promoting Wales in the UK and internationally; and to develop a confident new way of thinking amongst the people of Wales - building a critical mass that feeds exciting new perceptions of our nation. A number of campaigns have already been executed under the new approach from tourism to trade and invest, to food and drink and health, representing a major step forward in the way we promote Wales to our markets.

**Recommendation 2:** The Welsh Government should improve coordination between departments that contribute to Wales's tourism appeal, such as culture and heritage, to strengthen the Wales tourism brand and offer. (Page 19)

**Response: Accept**

This will be strengthened now that Cadw and Culture are within the same portfolio as tourism. Restructuring within the department will also help work underway to create a much closer working relationship between all those working within the culture and heritages sectors.

**Update:**

The new Wales brand represents a major step forward in the way we promote Wales in a coherent and unified way to our markets, providing a strong platform for inter-departmental working.

The tourism thematic years introduced in 2016 were developed to capitalise on the key areas that contribute towards Wales' tourism appeal. Each theme was strategically selected to promote established or evolving strengths in Wales' tourism offer, and as a focal point for closer cross-departmental working and new product development.

Year of Legends 2017 for example, was selected to encourage improved coordination with Cadw, and associated campaign themes executed during the year such as Legendary Sport, Legendary Festivals and Legendary Food & Drink have ensured a focus on other key areas that contribute to Wales' tourism appeal.

In preparation for the Year of the Sea 2018, officials are engaging more widely across Welsh Government departments involved in supporting the environment (including marine), regeneration activities and the rural economy to ensure a more coordinated approach to tourism delivery.

**Recommendation 3:** The Welsh Government needs to communicate clearly to businesses the key Wales tourism brand messages that it is pursuing following the Ashton Brand Consulting Group branding review. This should include improving the *Wales the Brand* website. We also recommend that tourism businesses in Wales be directly involved in the work the Welsh Government is undertaking to develop its "in-depth delivery strategy for Wales's tourism marketing". (Page 19)

**Response: Accept**

There were a series of industry roadshows in November 2014 which shared Welsh Government's plans for marketing Wales in 2015 reflecting the key branding principles established by the branding review. The Tourism Advisory Board has also hosted events in the regions to meet tourism businesses and stakeholders in the area to inform them of the Board's work and the activities of tourism and marketing teams, and listen to any issues they may wish to raise directly with the Board and officials. We will refresh the online Wales brand portal during 2015.

**Update:**

A series of industry roadshows were held in 2016 providing a comprehensive briefing on the new brand approach. Practical sessions were held with tourism businesses illustrating how they can reflect the new approach through their own marketing, and businesses are directed to further information and guidance available on the Tourism Industry support pages on [businesswales.gov.wales](http://businesswales.gov.wales) (replacing the former Wales brand portal).

These tools include a new Wales brand video, guidance on Sense of Place and its importance for businesses in offering a uniquely Welsh experience to visitors, and a series of best practice video case studies. The tourism industry is also directed towards a central mailbox for all associated brand enquiries. As the Wales brand develops and further assets are produced, the intention is to create a new online Wales brand portal with a range of useful resources and guidance for industry. Marketing toolkits are also available to businesses on [businesswales.gov.uk](http://businesswales.gov.uk) associated with each of the themed years, clearly

conveying the key themed year messages that they can also be reflecting through their own marketing activity.

**Recommendation 4:** Welsh Government should involve tourism businesses more closely with its advertising campaigns, so they understand better what Welsh Government is trying to achieve, and can co-ordinate their own work accordingly. (Page 20)

**Response: Accept**

As indicated above, there were a series of industry roads shows in November 2014 which shared our plans for marketing Wales in 2015 and there are more planned for 2015 as part of a regular programme of shows. Visit Britain also attended to explain their PR work and how it links into Welsh Government tourism and marketing activities.

**Update:**

There were a series of industry roadshows in 2015 and 2016 and these included briefing sessions on Visit Wales' campaigns. The sessions explained what the campaigns aim to achieve at a national level and included practical guidance on how industry can coordinate and reinforce Visit Wales' national campaigns through their own work.

The themed years introduced in 2016 have been a useful method for enabling parties to adopt a more collaborative approach, and Visit Wales has provided a range of useful tools and guidance to industry in advance of each of the themed years providing detailed information and ideas on how to get involved.

**Recommendation 5:** The Welsh Government should do more to sell what is unique about Wales as a tourism destination, including its scenery, history, industrial heritage and language. (Page 22)

**Response: Accept**

The Welsh Government is very much aware that Wales's countryside, coastline, culture and history comprise a major asset and strength in attracting visitors to Wales. This is being promoted and marketed effectively across many elements of the '*Have You Packed for Wales?*' marketing campaign; with detailed information on how to visit and experience many of these unique Welsh assets on the Visit Wales website. More is being done to build on this promotional work through coming campaigns and improvements to the Visit Wales website.

**Update:**

Visit Wales' themed year approach aims specifically to do more to sell what is unique about Wales, from our countryside, to coastal and cultural assets. Each theme (from Year of Adventure, to Legends, Sea and Discovery) was

strategically selected to capitalise on established or evolving strengths in Wales' tourism offer; and our potential competitive advantage over other destinations. The themed year strategy was devised to develop a stand-out reputation for Wales as a country in these key areas.

Year of Adventure 2016 played a key role in sealing Wales' reputation in this area amongst industry stakeholders, consumers and media influencers, after years of product investment and innovation. Year of Legends 2017 has provided a key opportunity for Cadw to put the spotlight on our historical assets, building on the hugely popular dragon theme from their previous *Historic Adventures* campaign during 2016. Cadw's *Live the Legends* campaign in 2017 continues with the hugely popular dragon theme, supported by immersive experiences at various Cadw sites bringing the history of the monuments to life for visitors.

**Recommendation 6:** The Welsh Government should do more to encourage joint promotion of heritage assets, including those outside of its care, building upon existing examples of good practice. (Page 24)

**Response: Accept**

**Update:**

Cadw is the Welsh Government's historic environment service, and works to promote heritage sites across Wales – including assets not in the Welsh Government's care. For example, Cadw is currently working with National Museum Wales to encourage those visiting the dragons at its sites to visit the dinosaur exhibition at National Museum Cardiff.

**Open Doors**

Wales is one of 50 countries taking part in Open Doors which is known internationally as European Heritage Days.

The programme is the largest annual free celebration of architecture and heritage to be held in Wales and the wider UK and the largest volunteer event in the heritage sector. It gives members of the public free access to fresh aspects of the built heritage and draws visitors to Wales from countries throughout the world.

More than 300 of Wales's most iconic and unusual properties will offer free entry, activities, guided tours or special events throughout the month of September, with some unique locations opening their doors to the public for the very first time.

**Lle Hanes**

Cadw has been working in partnership with the The National Library of Wales (NLW), Amgueddfa Cymru – National Museum Wales, RCAHMW, the local Archaeological Trust, and the People's Collection Wales, along with various local societies on the 'Lle Hanes' - 'The History Place' project at the National Eisteddfod for the last two years.

**Bryn Celli Ddu**

Over the last three years, Cadw has led a project in partnership with the University of Central Lancashire, and Manchester Metropolitan University on a public archaeology project at Bryn Celli Ddu, on Anglesey.

The 2017 project engaged with over 50 local volunteers, and 100s of school children from the local area. As part of the project an Open Day is held around the Summer Solstice, and more than 700 visitors joined the celebrations.

The work continues to engage with various local partners including Oriol Ynys Môn, Natural Resources Wales, local schools and colleges, and Gwynedd Archaeological Trust.

**Recommendation 7:** The Welsh Government should do more to maximise the tourism impact of major events and ensure that Wales's success in hosting major events feeds through into a strong Wales tourism brand. (Page 27)

**Response: Accept**

Although we accept more could be done we reject any implication that Welsh Government is not already striving to maximise the impact of major events. Hosting major events throughout Wales is increasingly important in terms of raising Wales's profile across the world and attracting people to stay in Wales.

As set out in Welsh Government written evidence to the committee this is already being taken forward strongly through the Welsh Government's Major Events Unit (MEU) which sits within the department of the Economy, Science and Transport. It is estimated that the programme of MEU supported events in 2014 will attract around 280,000 visitors to Wales and generate a direct economic impact of £50 million. In 2014 we supported a diverse range of sporting and cultural events including the Machynlleth Comedy Festival, Pembrokeshire Fish Week, The Senior Open Championship, the IPC Athletics Championships, The UEFA Super Cup Final and Festival No.6.

Plans are underway for maximising the impact of future events such as the Ashes Test, and Rugby World Cup in 2015; the World Half Marathon Championships in 2016; Senior Open Championship in 2017; and the Volvo Ocean Race in 2018.

**Update:**

Hosting Major Events supports our drive to build a prosperous Wales and makes a significant contribution to the tourism economy. In 2016/17, 35 events were supported (20 cultural and 15 sporting) with a geographical spread across Wales. We estimate that around 348,360 visitors travelled to Wales to enjoy the events hosted here; spending an additional £52.7 million and supporting over 1,215 jobs.



In 2017, the 'Year of Legends' Wales has hosted some of the world's biggest and most prestigious sporting events including: the UEFA Champions League Final; the ICC Champions Trophy; and the Senior Open Championship at Royal Porthcawl Golf Club.

The 'Year of the Sea' in 2018 will include another historic first for Wales with a stopover in the 2017/18 Volvo Ocean Race, one of the world's biggest and most prestigious sailing events. The Cardiff stopover will welcome teams at the end of their transatlantic leg, which sets off from Newport RI in the US.

Future events being considered include one of the Grand Tour cycling stage races, various sporting European and World Championships and specific events for women and young people. The target list includes a cross section of sporting, music and cultural events and every endeavour to maximise the impact upon tourism of hosting events will be undertaken.

**Recommendation 8:** The Welsh Government should explain how it is continuing the work carried out by the Welsh Music Foundation, in terms of promoting Wales and Welsh culture internationally (e.g. WOMEX 2013), following its disbandment. (Page 28)

**Response: Accept in principle**

Officials are working with key stakeholders to ensure that Wales and Welsh culture continue to be promoted internationally. This will be strengthened by closer integration between Culture and the Creative Industries, Marketing and Tourism portfolios.

**Update**

WG has supported a Welsh presence at both WOMEX (various locations) and South by South West (SXSW, Austin, TX) each year since the end of Welsh Music Foundation as well as providing travel grant support to businesses looking to attend those events. In both cases, we have worked closely with the Arts Council using the Cerdd Cymru: Music Wales brand to continue the use of that.

As a result we have seen a strong number of Welsh artists perform at each of these events.

In addition, we support businesses to attend any other music related international events as long as they can provide a business case for doing so. This has included Folk Alliance International (Kansas City, MO) and NH7 Weekender festival (various locations in India).

**Recommendation 9:** The Welsh Government should publish an economic impact assessment of the immediate benefits of Wales's hosting of the NATO summit, including its impact on the tourism industry. The Government should

in due course also publish a longer term evaluation of the impact of hosting the summit, and confirm the timescale for doing so. (Page 29)

**Response: Accept**

A written statement on the costs and benefits of Wales NATO 2014 was issued by the First Minister on 16 December.

**Update:**

Building on the successful delivery of the NATO summit in September 2014, Welsh Government worked with partners to promote Wales as a destination for business conferences and events. This business tourism legacy campaign generated over 9,000 new visitors to the business events website and the accompanying targeted social media programme #WalesMadeBusiness had a total reach in excess of 360,000.

In the November following NATO, Wales hosted the UK Investment Summit Wales 2014. This event was a collaboration between the Welsh Government and UK Government, generating coverage in print, online and on the radio.

Wales will continue to build its reputation in the area of hosting major events and conferences with the development of the International Convention Centre Wales and a new Welsh Government cross-sectorial approach to attracting business events.

**Recommendation 10:** The Welsh Government should publish an assessment of the success of the Dylan Thomas centenary events, and ensure that this experience influences its work on similar events in the future, such as Roald Dahl's centenary in 2016. (Page 30)

**Response: Accept**

A report on Dylan Thomas 100 will be published early 2015 and lessons from the centenary are already being fed into future events including plans for the recently announced annual Dylan Day on 14 May and proposals to celebrate the centenary of Roald Dahl's birth in 2016.

**Update:**

A full report on the Dylan Thomas Centenary events and activities was published in 2015, and as a legacy to the Centenary year, Welsh Government funded the instigation of an annual International Dylan Thomas Day, which has since become part of the literary calendar.

Building on the success of the Dylan Thomas Centenary, in 2016, Welsh Government supported events which took place across Wales as part of the worldwide celebration of the birth of Roald Dahl in Cardiff -

<http://www.roalddahl100.wales/> where approximately 300,000 people directly engaged with the programme of Roald Dahl activity during 2016.

**Recommendation 11:** The Welsh Government should keep under review its growth target in view of the good performance of the sector. If growth continues to exceed that needed to meet the target, a new and more challenging target for the sector should be set. (Page 34)

**Response: Accept**

This is reviewed on an annual basis – we will consider the 10% growth figure again for 2015-16.

**Update:**

The interim strategy review in 2016 concluded that the overall target of 10% real growth in overnight visitor spending remained relevant and realistic given uncertain and challenging market conditions.

**Recommendation 12:** The Welsh Government should identify tourism sectors with major growth potential and develop specific strategies and growth targets for these sectors. (Page 36)

**Response: Accept**

This is already done within the tourism strategy 'Partnership for Growth 2013-2020' which identifies sectors for growth which in turn underpins the product-led brand approach.

**Update:**

Our Tourism Investment Support Scheme (TISS) continues to target businesses with growth ambitions. Our recent successes in supporting the adventure activity sector (Surf Snowdonia/Zip world) is now been complemented by a focus on targeting high quality accommodation development.

**Recommendation 13:** The Welsh Government should simplify the process for organisations to get a brown and white sign, in light of concerns about bureaucracy and cost. (Page 37)

**Response: Accept**

Welsh Government has introduced revised guidelines that tourism businesses can benefit from in relation to white on brown tourism signage. If the signs are permitted, there is also access to grant support through the Tourism

Investment Support Scheme. The application process has already been simplified to a minimum requirement.

**Update:**

Visit Wales has been in discussion with Transport colleagues to simplify the process. It is expected that revised guidelines will be published by October 2017 which better outline the steps in the process, and create a single point of contact through which a business might track progress of its enquiry or application.

**Recommendation 14:** The Welsh Government should recognise the importance of broadband to tourism businesses whilst it is prioritising broadband roll-out under its Superfast Cymru and Access Broadband Cymru schemes. (Page 38)

**Response: Accept**

The Welsh Government fully recognises the importance of the exploitation of superfast broadband to tourism businesses. Having already delivered tourism specific activities under pathfinder project deliverables, work will continue to support tourism businesses through support that dovetails with Superfast Cymru roll-out and the forthcoming national programme of exploitation support for businesses.

**Update:**

The Welsh Government fully recognises the importance of the exploitation of superfast broadband to tourism businesses. Having already delivered tourism specific activities under pathfinder project deliverables, work has continued pan-Wales through dedicated support for tourism businesses as part of the ERDF supported 'Superfast Broadband Exploitation' programme that forms an integral part of the broader Business Wales offering.

**Recommendation 15:** The Welsh Government should work with Ofcom to increase broadband and mobile phone coverage in order to improve Wales's tourism offer. (Page 38)

**Response: Accept**

Work is already well underway on the Superfast Cymru working to give, when combined with commercial roll-out, 96% of premises in Wales access to fast fibre broadband by 2016. In addition, the Access Broadband Cymru scheme provides funding for alternative broadband connections where broadband speeds of greater than 2Mbps cannot be achieved.

We also intend to deliver a new project to bring fast fibre broadband to areas not covered by either Superfast Cymru or by telecommunications companies'

own roll-out projects. Procurement is underway for phase one of this two phase Superfast Broadband Infill project.

We are working with the mobile industry, Ofcom and UK Government to improve mobile coverage across Wales. A key focus is to ensure that Wales benefits from the UK Government's Mobile Infrastructure Project, a £150 million investment, to address mobile 'notspots'.

We also are working with the Mobile Operators following the 4G spectrum auction. The licence which was awarded to T  l  fonica O2 carries a coverage obligation of at least 95% of the population in Wales by the end of 2017.

**Update:**

Work is drawing to a conclusion on the Superfast Cymru programme, which when combined with commercial roll-out, will provide in the order of 96% of premises in Wales access to fast fibre broadband by December 2017. In addition, the Access Broadband Cymru scheme provides funding for alternative broadband connections where broadband speeds of greater than 2Mbps cannot be achieved.

We also intend to deliver an additional programme of work to bring fast fibre broadband to areas not covered by either Superfast Cymru (SFC) or by telecommunications companies' own roll-out projects. Procurement is underway for the body of work referred to as SFC2 to provide connectivity to the outstanding areas of Wales not serviced by commercial offerings or that of the SFC footprint of delivery.

We are working with the mobile industry, Ofcom and UK Government to improve mobile coverage across Wales. A key focus is to ensure that Wales benefits from the UK Government's Mobile Infrastructure Project, a £150 million investment, to address mobile 'notspots'.

We also are working with the Mobile Operators following the 4G spectrum auction. The licence which was awarded to T  l  fonica O2 carries a coverage obligation of at least 95% of the population in Wales by the end of 2017.

**Recommendation 16:** The Welsh Government must do more to engage the tourism industry with the work of the Welsh Government. This should include establishing whether the Welsh Government publishes sufficient information about its activity including that of the Major Events Unit) to enable the industry to assess and engage in its work. (Page 40)

**Response: Accept**

In accepting that more could always be done, tourism officials already engage with the tourism industry in a variety of ways: regular Road Shows, a new Regional Engagement team within Welsh Government, Regional Fora, a Visit Wales e-newsletter (now with four regional newsletters from December 2014);

social media accounts; with tourism statistics published on the Welsh Government website along with an annual publication of progress against the tourism strategy.

**Update:**

We continue to meet with the Regional Fora three times a year and we are strengthening private sector involvement in these. The successful Tourism Summit, held in June this year, hosted in collaboration with the Wales tourism Alliance, was designed to strengthen linkage between all within tourism and the wider visitor economy and brought together leaders from across the tourism industry.

All of our investments - via the Tourism Investment Support Scheme, the Tourism Product Innovation Fund (TPIF) and the Regional Tourism Engagement Fund (RTEF) are published online.

In terms of Major Events, we work closely with event owners and organisers to develop a balanced portfolio of international event properties whilst supporting home- grown events. We remain committed to attracting more major international events to all part of Wales and are in ongoing discussions with partners to identify the opportunities. We have engaged proactively with key partners in Wales to secure their views as part of a 'Horizon Scanning' exercise; the four Regional Tourism Fora; all 22 local authorities; Arts Council of Wales; Sport Wales; WRU/Principality Stadium; and WMC.

**Recommendation 17:** The Welsh Government should work with the tourism industry in Wales to improve its online presence. This should include a more user friendly, dynamic and interactive website. Consideration should also be given to developing apps that could help tourists get the most from their visit to Wales. (Page 41)

**Response: Accept**

The Visit Wales website was re-launched in June 2013 and it is seeing increased visits. The next stage, which is currently being taken forward, is redevelopment of the tourism product search data base which already involves close working with the industry. As with all new websites we are constantly monitoring and reviewing and making necessary improvements

The EU funded Digital Tourism Business Framework Programme has already assisted the development of 20 Mobile Apps specifically for the tourism sector.

**Update:**

Significant investment has been made over the last 3 years to bring digital marketing to the centre of Visit Wales' strategy, investing in visitwales.com as

a platform, digital campaigns, social media marketing, and high-quality content on tourism in Wales. The investment in visitwales.com, the associated tourism product database and a more recent mapping project with Google Snowdrop have played a significant role in the increase seen in the additional revenue driven through Visit Wales' tourism marketing activity in the period from 2012 to 2016 – from circa £163 million to over £300m in recent years.

There has also been a growth in Visit Wales' social media following to 1m and initial research suggests that this is a highly-engaged audience, which has been directly influenced to visit Wales as a result of content communications with them, accounting for around £30m of the additional spend generated in 2016.

Wales brand work to date has enabled a major step forward in more impactful and integrated promotion of Wales through our campaigns. The Welsh Government is now embarking on the next step in transforming the Wales brand into a digital led approach. This will include investment in a new Wales Digital Gateway, a market-leading digital infrastructure that will underpin the brand and promotion of Wales as a nation and as a tourism destination in a more cost-effective and impactful way. This will enable more integrated promotion of Wales as a tourism destination via our digital platforms and associated tourism content.

The introduction of the Wales Way at the end of 2017, a new family of internationally focused tourism routes, will include the development of user friendly, dynamic and interactive web-site content and an App that will help tourists get the most out of itineraries and local tourism experiences promoted as part of the route initiative.

**Recommendation 18:** The Welsh Government should work more closely with the tourism industry in Wales to communicate the changes made to the regional tourism support structure, and to ensure that new structure is a success. (Page 43)

**Response: Accept**

The new regional engagement team is now in place and officials have been tasked with engaging with the industry within their respective regions to ensure the changes are communicated effectively.

The first round of the new regional engagement tourism fund has been completed and regional stakeholders have been awarded funding to continue to take forward actions within the relevant destination management plans.

Members will soon be invited onto the new regional forum with the inaugural meetings to be held in January/February of 2015, the forum will be a key communication channel for communicating with the regions. Officials will also be producing regional newsletters to improve the communication with regional stakeholders.

**Update:**

The four regional forums are now well established and each meets three times a year to discuss key issues and opportunities facing the sector. A recent example of how they are used as key consultative bodies was asking for feedback to the newly proposed tourism focused business plan for the emerging UK Industrial Strategy discussion.

The funding provided through the regional engagement tourism fund (RTEF) and Tourism Product Innovation Fund (TPIF) are now in their fourth and third year (respectively) of delivery. A total of £3,224,000 has been approved for innovative product development and regional tourism delivery in 2017/2018 and 2018/2019.

**Recommendation 19:** The Welsh Government should take steps to improve the level of knowledge that Visit Britain staff have of Wales and the Welsh tourism offer. (Page 44)

**Response: Accept**

We already have clear working relations at CEO and Chair level with Visit Britain. In addition, the Welsh Government now has a secondee in place working within the Visit Britain team in London; the Tourism and Marketing team recently hosted a number of familiarisation visits for Visit Britain staff around Wales to help develop their product knowledge of Wales; and Visit Britain have also been involved with recent Welsh Government roadshows presenting on their PR work for Wales.

**Update:**

The Welsh Government secondee working with the VisitBritain team in London has now been in post 3 years and a structured close working approach has been developed across all of VisitBritain's respective teams at Head Office, with ongoing cascading out of Wales key messages and content across VB's global network. The messaging has centred on Wales' 'Years of themes, an approach that has been welcomed by VisitBritain giving them a focus to promote Wales across all global channels.

VisitBritain's teams and staff at all levels are provided with regular updates on the Wales tourism offer and have access to Visit Wales' image and videos to use in their activity, ensuring Wales features in all channels.

The Welsh Government attracted the first devolved nation VisitBritain International Business Exchange event (VIBE) which took place in Wales in October 2016, attended by all VisitBritain Country Managers and senior head office staff. Wales product was showcased to all VB staff and through one-to-one meetings their knowledge of the Wales product offer has been improved.



Representatives from VisitBritain played a key part in the programme at the Wales Tourism Summit in May 2017, providing them with a greater understanding of the industry in Wales and an opportunity to meet with key industry leaders. VB teams will continue to participate in VW industry roadshows and other key events.

**Recommendation 20:** The Welsh Government must do more to increase and improve Visit Britain's promotion of Wales. (Page 48)

**Response: Accept**

In addition to the response to recommendation 19 above Welsh Government is working closely with Visit Britain at an operational level - contributing to the development and roll out of major campaigns, including the global Countryside is GREAT campaign, which launches in January 2015. Welsh Government also contributes significantly to 'always on' Visit Britain programmes – especially PR initiatives and Travel Trade programmes in overseas markets.

The GREAT campaign, which is delivered by the UK Government, underpins Visit Britain's work and in addition to working with Visit Britain to inform tourism related GREAT projects, Welsh Government officials have significantly strengthened our relationship with the central GREAT campaign team, and produced over 15 new GREAT campaign Wales assets to help international partners to promote Wales around the NATO Summit. These are now available for longer-term use.

**Update:**

Visit Wales has developed a structured close working approach across all of VisitBritain's respective teams at Head Office, with ongoing cascading out of Wales key messages and content across VB's global network. The messaging has centred on Wales' 'Years of' themes, an approach that has been welcomed by VisitBritain giving them a focus to promote Wales across all global channels which is proving successful. The high quality of Visit Wales's marketing collateral – especially films - has been commented on by VB international teams.

A recent example of how VisitBritain promote Wales in their channels is their promotion of Cardiff and Wales around the UEFA Champions League Final, gaining significant reach in near European markets especially Spain, and across the rest of the world. Welsh Government teams also worked with VisitBritain and the British Embassy on a cross-sectorial St David's Day event in Madrid, in partnership with Iberia Express, in advance of the UCL event.

VisitBritain provides access for Wales to high quality partners and Visit Wales continuously contributes content to commercial partnership campaigns in GREAT markets worldwide. Multi-channel content has been provided for partnerships such as Expedia, STA and The Guardian, recent King Arthur:

Legend of the Sword and BFG film campaigns and a BBC Worldwide partnership promoting Wales across global channels.

Wales is featured in the VisitEngland-led annual U.K. domestic campaign, which is targeting the millennial audience in the UK.

**Recommendation 21:** The Welsh Government should work with Visit Britain to establish challenging growth targets for Visit Britain to increase tourism in Wales. (Page 48)

**Response: Accept**

This was strongly called for in Welsh Government written evidence to both a recent Welsh Affairs Committee report on tourism and the Department for Culture, Media and Sport's Triennial review of Visit Britain.

**Update:**

The Department for Culture, Media and Sport have set Visit Britain specific targets for growing the level of international visitor spending to Wales which is attributable to Visit Britain activities. Progress against these targets is being reviewed with Visit Britain.

**Recommendation 22:** The Welsh Government should work with the industry to improve provision of timely, impartial research into tourism activity and trends in Wales. (Page 50)

**Response: Accept**

A Task and Finish Group (chaired by Tourism Advisory Board member Professor Nigel Morgan and comprising industry representatives) is currently reviewing Research and Market Intelligence. A final report, with recommendations, will be presented to the Tourism Advisory Board early in the 2015.

**Update:**

The review of Visit Wales research was completed and the findings are being implemented to improve provision of research insights and findings within available resources. A comprehensive review of industry performance and trends was undertaken in 2016 as part of the interim Partnership for Growth strategy review.

**Recommendation 23:** The Welsh Government should develop a strategy explaining how Tourism and Marketing will work with the Department for Education and Skills to improve the provision of training for the tourism industry, including delivery dates and intended outcomes. (Page 51)

**Response: Accept**

A workshop on the implementation of the skills action plan was held on 30 September 2014 involving DfES, Tourism Advisory Board Members and the industry produced a number of collaborative actions to take forward. These include developing a shared and evidence based understanding of the skills issues that need to be addressed in achieving the tourism strategy, promoting careers opportunities in the sector, building networks of excellence and enabling greater take up of customer service training opportunities.

**Update:**

The Welsh Government's Tourism and Marketing Division (Visit Wales) has no remit to fund or deliver training in the industry. However, a skills action plan has been developed to meet the People development priorities within the Partnership for Growth Tourism strategy. The plan includes working with the Department for Education and Skills (DFES) and the Education and training sector to ensure that tourism is represented in relation to training and qualifications structures.

Visit Wales also work with the Industry to provide signposting and information on skills provision and funding for employers and employees.

**Recommendation 24:** The Welsh Government should maintain a capital funding scheme (such as the Tourism Investment Support Scheme) for tourism businesses to improve their facilities. (Page 52)

**Response: Accept**

The Tourism Investment Support Scheme will continue to support the industry to develop.

**Update:**

The Tourism Investment Support Scheme (TISS) has been added to through two schemes under the European Regional Development Programme, namely the Micro & Small Business Fund and the Tourism Amenity Investment Support scheme. An additional £2m has also been made available via TISS to develop and invest in strategic level projects linked to 4 Star Hotels, innovative Attractions and Destination building.

**Recommendation 25:** The Welsh Government should re-evaluate whether participation in the Visit Wales grading scheme needs to remain a prerequisite for Tourism Investment Support Scheme (TISS) funding, considering the contemporary, social media driven way in which tourism accommodation is now marketed. (Page 52)

**Response: Accept**

Welsh Government, in partnership with Visit England and Visit Scotland is reviewing the way in which quality assurance is delivered. The requirement for grading in the context of Tourism Investment Support Scheme (TISS) funding will be considered as part of this review.

**Update:**

Funding from the Tourism Investment Support Scheme currently retains the link between investment and quality, on the basis that targeting high quality product delivers improved performance and economic impact.

**Recommendation 26:** The Welsh Government should improve the transparency of funding information by publishing a breakdown of the £20 million “total funding” for Wales’s tourism industry and comparative figures to enable stakeholders to make an objective assessment of how funding for Wales’s tourism industry compares with other parts of the UK. (Page 54)

**Response: Accept in Principle**

Comparisons on tourism spend with other parts of the UK have historically been difficult to make due to different government structures and portfolio responsibilities and how related budgets/expenditure is utilised across a wide range of activities within portfolios. The 2014/15 funding is £20m which primarily supports the Tourism Investment Support Scheme; development work, marketing for domestic, business and international activity and support for major events. There is flexibility within this to enable us to respond to tourism priorities and opportunities that may emerge during the year. The core budget also levers in additional European funding and private sector match funding.

**Update:**

As stated, comparisons with other parts of the UK are difficult and this continues to be the case. Due to different structures and portfolio responsibilities, it would not be possible to compare like with like. It is always worth noting though that the published figures in Wales for Tourism & Marketing, and Major Events, do not in general include staffing costs and running costs.

**Recommendation 27:** The Welsh Government should recognise the substantial return on investment for tourism funding and the budgets of other competing nations. In light of this, it should review whether its tourism budget is sufficient to enable Wales to fulfil its tourism potential. (Page 55)

**Response: Accept**

Welsh Government fully recognises the value of tourism to the Welsh economy and budget accordingly. As demonstrated throughout the year additional resources can be found from other Economy, Science & Transport budgets for priority capital projects.

**Update:**

Additional visitor spend influenced by VW marketing increased from £238m in 2014 to £361m in 2016, an increase of 52%. The budget position is kept under review and budgets beyond 2017/18 are currently being determined.

**Recommendation 28:** Given the value of tourism to Wales' economy and the rich range of natural, cultural and other assets in Wales, we believe the Welsh Government, working closely with key stakeholders across Wales, should ensure that tailored support is available to maximise EU funding opportunities to help grow the industry in Wales. (Page 56)

**Response: Accept**

Welsh Government is currently developing a tourism infrastructure programme via 2014-2020 structural funds. It is working in partnership with key stakeholders on a suite of projects that will be taken forward building on previous investment where possible and continuing to develop a high quality offer based on the range of natural and cultural assets Wales has to offer. Welsh Government is also developing an access to finance scheme as part of a wider Enterprise, Science & Transport department bid.

**Update:**

The Tourism Attractor Destination programme has been approved with £27.7m ERDF towards a total project cost of £84m that will see eleven strategic infrastructure projects realised up to 2021. Projects approved and launched to date are Rock UK, Conwy Waterfront, Porthcawl Harbourside and the Caernarfon Waterfront project. Officials are in the process of submitting the remaining individual business plans to WEFO for approval..

The three business plans submitted to the Rural Development have now been approved and will deliver an additional £12.7m for marketing and development activities up until 2021.

**Update to the report of the Enterprise and Business Committee entitled 'The Welsh Government's Approach to the Promotion of Trade and Inward Investment'**

November 2014

There were ten recommendations in the previous report, of which the recommendations outlined below relate to trade and inward investment support for delivery. The update below contains the original response and, where appropriate, an update on activity relating to the recommendation where it had been accepted.

**The Welsh Government should commission an independent evaluation to assess whether the current in-house approach to supporting trade and inward investment represents good practice and value for money.**

Response: Reject

**The Welsh Government should consider how it can increase the involvement of the private sector in attracting inward investment.**

Response: Accept

The Welsh Government continues to work closely with the private sector to attract inward investment. Where appropriate, we engage with the Enterprise Zones to showcase their offering to companies seeking to invest in Wales. In addition, the Life Sciences Hub brings together public and private sector, academia and healthcare organisations to support and deliver inward investment activities in the sector and we continue to promote this service. Since the previous report, we have supported eight companies to invest in Wales with the support of the Life Sciences Hub. Details of these investments are confidential for commercial reasons.

**The Welsh Government should explore options for increasing representation at UKTI events. This need not necessarily be at Ministerial or official level, but could include greater involvement of the sector panels or private sector partners.**

Response: Accept in Principle

As stated in the Welsh Government's original evidence to the Committee, UKTI (or the Department for International Trade as it is now known) hosts hundreds of events in the UK and globally every year.

The former Minister for Economy, Science and Transport wrote to the former Minister of State for Trade and Investment on this matter to ensure that our overseas teams are routinely invited to attend UK Government events. It is difficult to quantify the exact measure of success of this approach as the onus is on DIT to invite the Welsh Government to events; however, we continue to have representation at DIT events, including receptions held in British Embassies worldwide to mark St David's Day.

**The Welsh Government should develop and publish annually a set of transparent Key Performance Indicators which show the annual inward investment performance of the Welsh economy. The indicators should include the total number of new projects, joint ventures, acquisitions, expansions and retentions; and, for each of these project types, the number of jobs created, the number of jobs safeguarded and the total value of capital investment or expenditure involved. As part of this the Welsh Government should publish an equivalent set of figures for projects in which it was directly involved, also showing the level of Welsh Government financial resource in securing the projects.**

Response: Reject

**The Welsh Government should publish annual key performance measures for the support it provides to exporters, to include details of trade missions and fairs; the number of business delegates participating in each event; the value of orders won; the value of potential opportunities for companies to follow up; and the total cost of the missions and fairs programme.**

Response: Reject

**The Welsh Government should set out, as part of a clear economic development strategy, its aspirations for trade and inward investment; including the international markets and sectors it considers to be of strategic importance to Wales; how it will support Welsh businesses to exploit the opportunities in those markets; and how it will work with and support existing and potential foreign investors to do business in Wales.**

Response: Accept in Principle

Our international strategy 'Wales in the World' was published in 2015. Following the EU Referendum, a White Paper setting out our priorities for the approach to exiting the EU has also been published. We are currently undertaking a business planning exercise to establish key sectors and markets that are of strategic importance to Wales over the coming years.

# Agenda Item 3.1

**Cynulliad Cenedlaethol Cymru**  
Pwyllgor yr Economi, Seilwaith a Sgiliau

**National Assembly for Wales**  
Economy, Infrastructure and Skills Committee

Ken Skates AM  
Cabinet Secretary for Economy and Infrastructure  
Welsh Government

10 October 2017

Dear Ken,

## National Transport Finance Plan

Thank you for attending the EIS Committee's meeting on 27 September 2017. During the meeting you indicated that you would welcome the Committee's view on how frequently the National Transport Finance Plan should be updated.

Having discussed the issue, the Committee sees no compelling reason why the plan, and particularly its delivery schedule, should not be updated annually. This would give all of us in Wales a clear sight of where some of the exciting projects that are proposed for Wales are progressing, and where timings have slipped. Ideally an annual update to the schedule would be published in late summer to allow us to discuss the background to, and implications of, any changes with you during budget scrutiny.

In our view updating the delivery schedule tables to reflect the current status of existing projects, and adding any new projects, should not be particularly onerous since it is simply a reflection of on-going work. We believe the update should include a brief note for each entry describing any changes and giving the reason for them.





Thank you for seeking the Committee's input on this matter. I would be grateful if you could reply outlining the action you intend to take, including your intended timings for the updates.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by the name 'Russell' in a cursive script, ending with a period.

**Russell George AM**  
Chair  
Economy, Infrastructure and Skills Committee



# Agenda Item 3.2

## 1<sup>st</sup> Annual Report to Welsh Government from Nick Jones as full-time Traffic Commissioner for Wales

I have pleasure in enclosing my first Annual Report to the Welsh Government as the full-time Traffic Commissioner for Wales. The report follows the establishment of new full-time role to serve Wales, under a Memorandum of Understanding (MoU) between the Secretary of State for Transport and the Welsh Government. I have been encouraged to set out my emerging thoughts on the future of operations within Wales. The MoU did not set out the reporting period and so I am producing this, my first report towards the end of a calendar year in my new role, in addition to the annual report to the Secretary of State for Transport for financial years commencing 1<sup>st</sup> April, produced jointly with my colleagues. I am of course content to produce future reports for whatever reporting period which best suits the Welsh Government

### **Accommodation and Staffing**

The MoU establishes that the Welsh Government will provide accommodation for me in my new role, this has been identified in St Mary's Street in Cardiff, although at the time of writing this report it has yet to be fully configured and ready for use. The MoU also makes provisions for fully bilingual staff who are fluent in both English and Welsh. Unfortunately the siting of the office in Cardiff has made the task of recruitment more challenging. Institutions such as the BBC, the Welsh Assembly, the Welsh Government and the Welsh Language Commission recruited bilingual staff years ago, leaving a relatively small remaining pool of suitable and qualified staff. If recruitment is unsuccessful, consideration will need to be given to providing a base in North West Wales instead although there is a clear advantage in my being based in the capital and more readily accessible to Government and civil servants.

A feature of the MoU is that my annual report should be in both English and Welsh. As I do not yet have any Welsh speaking staff, I am publishing this in English in the first instance in order that it can be circulated without further delay, with a request to the Welsh Government for assistance for a translation in the Welsh language. I am hopeful that my next report will be fully bilingual as intended and as per the MoU.

Historically administrative support for public inquiries and driver conduct hearings in Wales has been provided from Birmingham, it is understandable that the decision to provide a bilingual office in Cardiff has resulted in some staff seeking alternative secure employment in Birmingham, currently work for my hearings in Wales is undertaken by staff in both Bristol and Birmingham. Eventually, when my new team in Cardiff is in place I will be able to undertake more constructive engagement and to run specialist seminars with view to improving compliance in both the PSV and haulage industries. I am grateful to the Welsh Government for confirming support for this.

### **Bus registrations**

Announcements were made some time ago confirming that devolution would include service registrations being undertaken in Wales. Current legislation requires local bus services to be registered with the traffic commissioner but there are potentially more effective and efficient options available with devolution. Before deregulation in the 1980s, traffic commissioners had power to determine if there was a need for a particular service. Whether and how often a service should run is now a commercial decision for the bus operators. If there is to be an impediment to that, surely it is for elected local authority members to determine?

My current responsibilities for bus registrations can feel little more than acting as a post-box, and a relatively inefficient one at that. Too often complaints and queries are received from people or organisations that obviously do not appreciate that under existing provisions, the traffic commissioner only has decisions to make in a tiny number of instances - essentially where an application is made without the proper 56 days' notice. It can feel that it is only by historical

accident that bus registration remain with me as Traffic Commissioner for Wales. This could be undertaken by alternative bodies and I hope that the outcome of the devolution of this function will result in no more than referrals if there is a need to make a decision.

The existing arrangements for bus registrations are not well supported by IT, as a result Traveline Cymru and other organisations often need to duplicate the work undertaken. Devolution of the bus registration function need not be a replication of existing systems administered in Wales; there is a clear opportunity to have a more efficient effective registration service that meets the needs of the travelling public in Wales. Currently the chargeable fees for bus registrations adequately meets the administrative costs and there are opportunities for Wales to provide a better service at less cost if proper systems are put in place. I have suggested that fees might be set at a level whereby there is a heavy discount if service standards are met as set by the Welsh Government, this would include matters such as liaison with local authorities where appropriate, and additionally, use of IT.

Any benefits in bus registrations being put to a traffic commissioner are more than offset by the disadvantages. Devolution provides an opportunity for reform.

### **Taxi and private hire law**

The Law Commission review on taxi and private hire legislation made a number of recommendations which might be possible to implement as a result of the Wales Act. Importantly, changes can be introduced that suit the people of Wales, including a closer alignment of taxi and private hire vehicles licensed by local authorities and PSVs licensed by a traffic commissioner.

Current approaches to regulation by the two licensing regimes is sometimes at contrasting purposes, a feature which does not always assist the travelling public, and is sometimes used by rogue operators to their own advantage.

There is a category of PSV licence called a special restricted PSV, where there may be obvious scope for reform. Special restricted PSV licences are granted by traffic commissioners to holders of local authority private hire licences who want to run registered local bus services. On considering whether to grant these licences, traffic commissioners are currently unable to take into account factors relating to the applicant's reputation and/or finances. Effectively, the legislation assumes that these matters have been addressed by those who issue private hire licences. Devolution of taxi and private hire legislation to Wales would enable this to be addressed.

A significant role undertaken by all traffic commissioners relates to reviewing the conduct of professional drivers and determining whether they are fit to hold a vocational driving licence. Before the DVLA was set up, traffic commissioners were the licensing body and the people who determined whether individuals could or should hold PSV or HGV driving licences. Now, we make decisions on referral from the DVLA and those decisions are binding on the Secretary of State. There might be greater clarity if, in the new devolved structure, the Traffic Commissioner for Wales was an appeal body determining fitness for private hire and taxi drivers, as well as PSV and HGV vocational licence holders.

### **DBS checks**

Listening to industry it is apparent that one of the frustrations for operators is that they often have to have separate DBS (formerly CRB) checks on drivers for each and every local authority area where they operate. The lack of transferability presents a significant regulatory burden and can lead to inconsistency; indeed local authority officers have pointed out to me what they consider to be considerable inconsistencies of approach.

A potential solution, which I have mooted with both the PSV industry and with local authority representatives, is that there be a new pan-Wales body to administer appropriate checks on behalf of all licensing bodies within Wales, with authorisations being required for anyone who drives one of several categories of vehicle. Suggestions include: taxis; private hire; other (including app-

based models); section 19 permits; and, PSV registered services. The appeal body could be the Traffic Commissioner for Wales (who currently determines fitness of PSV drivers).

Most members of the travelling public assume that DBS checks are carried out on all bus drivers, but that is because where there are specific contracts with local authorities there will almost always be checks conducted as a contractual requirement, it being a matter of safeguarding. Contrary to the general public perception, there is no requirement for DBS checks for PSV drivers, this has resulted in unsuitable individuals having been found to be driving PSVs. Occasionally this result in PSVs being driven by individuals who should not be driving them, including paedophiles. The rationale for not having DBS checks for all PSV drivers has traditionally been the need to avoid unnecessary red tape. It may be that the Welsh Government will wish to consider whether it has the power to require a DBS check for a PSV driver on a registered service as a condition of BSSG payments, or that it be paid at a far lower level. For the avoidance of doubt, whether or not DBS checks are compulsory for PSV drivers is not a devolved matter, however payment or otherwise of BSSG is devolved; potentially, Wales could lead the way on this.

### **Financial constraints on PSV operators**

Legislation requires PSV operators to meet minimum standards in relation to financial standing and for this to be an ongoing requirement. Concern has been expressed in a number of quarters in relation to the number of decent family PSV operators that have ceased trading as a result of financial difficulties within the last few years. In one case before me within the last year I was faced with a formal request from a county council that I not revoke a PSV operator's licence on the basis that other local PSV businesses had failed and there was no obvious alternative available; revocation would result in significant problems for the travelling public.

In another case before me in North Wales, there was considerable publicity as result of my revoking a PSV business. That business thrived as a result of it putting commercial considerations above road safety and was operating in a manner that had a significant adverse effect on the local PSV industry and bus users. The DVSA, the enforcement agency, subsequently commented that in that case a number of good family businesses that were not a prior cause for concern to the DVSA had ceased to exist as a result of their failing to obtain contracts; the number was perhaps as many as 10 to 12. Some were second and third generation family businesses.

Similarly, Welsh Government, Welsh Assembly members and others have also expressed concern that a number of family run PSV operators had ceased to operate in the past few years. I am concerned at the link in some instances to the contracting of passenger transport services, the outcome can be what has been described as "a race to the bottom". In such cases, good compliant family businesses may not be prepared to bid so low, knowing that they would struggle to comply with safety legislation.

As a result of my concerns about local authority contracts, I met with and had a very good discussion with Association of Transport Co-ordinating Officers (ATCO), representatives from local authorities that make decisions on the award of contracts. I am grateful to ATCO for its full cooperation in my conducting a survey of its members. The following key points emerged:

- Most, although not all of the 22 local authorities, responded to a request for copies of criteria for the award of contracts. Comments from ATCO members suggested that where there was a lack of response it was usually as a result of tendering being undertaken by a separate local authority procurement team.
- Both written and oral pleas were made to have central guidance and clarity of advice.
- In some areas local authorities endeavour to work collaboratively and to use the same criteria as neighbouring authorities, this joint working can both improve efficiency and provide greater transparency.
- Some but not all local authorities award contracts using both quality of service and price. A typical authority might contract on the basis of 30% quality and 70% price, although other authorities will reverse this ratio and award contracts on the basis of, say, 70% price and 30% quality. In a number of instances the ratio is 60:40.

- A feature of particular concern is that a number of authorities award contracts solely on the basis of price, this is where there is an increased likelihood of there being the “race to the bottom” referred above.
- Some authorities award contracts solely on the basis of both tenders and reverse auctions. Again, I have limited sympathy with those authorities which find themselves in difficulties as a result of their good family businesses opting to cease trading.
- In some cases officers from authorities that award contracts solely on the basis of price have indicated that they deal with problems by ensuring appropriate penalty clauses for failures. Whilst I accept that there will be a need for arrangements to ensure a contract is carried out satisfactorily, I have grave concerns where the sole criteria for the award of a contract is price.

In the specific case referred above where a number of good compliant family businesses had ceased trading, there was a significant gap in the market as a result of my closing the seriously non-compliant business. This was addressed by the Welsh Government providing additional funding of circa £300,000. I suggest that if authorities continue to issue contracts based solely on price that there should be an expectation that standards will be reduced for the travelling public and local authorities will be more likely to go cap in hand to the Welsh Government to bail them out.

My discussions with the PSV industry reveal that another feature that creates concerns for them is that cash flow problems can arise from irregular local authority payment practices. There seems to be an absence of service level standards in relation to payment of reimbursements such as concessionary fares. In the case of small and medium-size businesses this can create real difficulties and I have considerable sympathy with those PSV operators who would like to see agreed standards. PSV operators will be expected to pay their bills with a degree of promptness, I do not consider it unreasonable that they should also expect that their income streams are not held back arbitrarily.

I applaud the Welsh Government in its initiative involving Business Wales, who are planning workshops for PSV operators and providing valuable advice on finances. However I am clear that the two most significant features that would assist small and medium-size operators would be to:

1. Introduce service standards to ensure PSV operators are not financially disadvantaged by late reimbursement of moneys such as concessionary fares; and,
2. Commence a review of criteria for the award of contracts by local authorities. This should consider both whether cooperative regional working might be more effective, and additionally, the review should ensure that the award of contracts does not solely consider issues of moneys but considers quality too. The safety of the travelling public especially schoolchildren, is too important to allow the award of contracts on price only.

### **Bus Service Support Grant**

One of the features where Wales is already different to England is in the grant rebate for bus operators. The existing arrangements in Wales have the early stages of a scheme whereby there is a weighting to take into account issues relating to the quality of the bus service provided. It may be perceived by some as relatively crude scheme but is benefiting from the input of the Confederation of Passenger Transport (CPT), the trade association for the bus industry. The principle is a fine one.

It is surely an anomaly if all registered local bus services receive the same level of support grant and it therefore seems eminently sensible to decide how limited resources are allocated to address the needs of its people. Paying all operators the same flat rate of BSSG does not obviously assist in the targeting of limited resources. Often I hear of representations made in relation to e.g. cuts in rural services where, although relatively few people may be adversely affected, the lack of a bus service has a very significant impact on the lives of the individuals concerned.

One of the suggestions that has been mooted relates to whether BSSG can be configured so that it addresses the needs of the travelling public e.g. a slightly higher rate in remote rural areas in

appropriate circumstances. There is a limited pot of money available for BSSG, in basic terms it is about £25 million a year.

The Welsh Government might therefore wish to consider an extension of the existing scheme so that there is greater emphasis on quality of service provided by an operator on a registered service; I accept that quality of service is a feature of existing provisions. However options are available which could determine that there be a specific BSSG element that was capable of being withdrawn in certain circumstances, examples include:

- Referrals by either a local authority or Bus Users Cymru for failures to run to the registered timetable;
- Referral by the Welsh Language Commissioner for failure to adhere to Welsh language standards as set out in existing devolved legislation. Within a few years all those who register services will be required to meet the standards set by the Welsh Language Commissioner;
- Referrals from DVSA or the police in relation to road safety or fair competition issues; and,
- Referrals from organisations prescribed by the Welsh Government in relation to failures to comply with new standards required for registering bus services (this would be an incentive to utilise IT as set out by the Welsh government – and - to liaise appropriately and cooperatively with local authorities).

Other options are also potentially available and theoretically a higher rate of BSSG might be available on particular routes as determined by the Welsh Government. An obvious impediment to an effective BSSG is the fact that the sums currently distributed by the Welsh Government are relatively low, especially in comparative terms when contrasted with concessionary fares.

### **Concessionary Fares**

I have discussed concessionary fares with a range of individuals from a number of different backgrounds and it has been suggested that I set out issues with the intention that perhaps there might be a debate within the National Assembly for Wales on this subject. I emphasise that I am not making any specific recommendation, instead it has been suggested that I set out some key facts which might facilitate a constructive debate. Ultimately any decision to change the status quo would be a political one and I regard that as something which I should properly avoid.

The existing concessionary fares scheme was introduced towards the beginning of the century to address the mobility needs of those who were retired. At that time the normal retirement age for many people was 60. I understand that in early 2010 the Welsh Government confirmed that the age of eligibility for older people in Wales would not rise in line with changes to the state retirement age, but would remain at 60. It is because of more recent changes to state retirement ages that it has been suggested that there should be a further review. Increases in retirement ages results in an increasing proportion of those who commute to work utilising concessionary passes. It is for political representatives to determine whether those monies might be better spent on something else, one suggestion being increased subsidies in rural areas.

At present approximately 760,000 bus passes have been issued within Wales, to put this in context the population is circa 3 million. The Welsh Government's consultation document on Bus Services Policy issued in March 2017 indicated that bus passenger numbers had declined, however there has been a significant increase in the number of concessionary journeys undertaken. The extent of proportionally greater use by concessionary pass holders within Wales is illustrated by a table produced in the above consultation document, which shows concessionary fare journeys undertaken in Great Britain expressed as a percentage of all bus journeys. The latest published figures are for 2014/15:

- England 34
- Scotland 36
- Wales 46

Most concessionary fare journeys are validated by use of a card however not all operators have the equipment to utilise the card. In these cases operators will manually count the number of

concessionary pass holders. I have concerns at the potential scope for mistakes and or worse and note that there has been at least one prosecution for a major fraud. If funds are limited it is important that they are not misused and are appropriately targeted. There is a case for requiring operators to use equipment, if necessary supplied by the Welsh Government. Again, it might form part of the eligibility for BSSG to require use of IT at the specification set from time to time by the Welsh Government.

Using rough figures, for every £1 spent on BSSG, £3 is spent on concessionary fares. Monies available to the Welsh Government will always be finite, the more that is spent on concessionary fares, the less that is available for BSSG. If it is the view that BSSG might be used to shape and target funding for bus services in Wales to address the transport requirements of those who need local bus services, additional funds might be needed from some other source, or alternatively, consideration could be given to reducing concessionary fare expenditure.

As indicated above it would be inappropriate for me to offer a settled view and research might be required to understand the impact if concessionary fares in Wales were at the same levels as those in England. I am acutely aware that in the event of a shift to match concessionary fare arrangements with those in England, there will need to be a carefully planned transition and that existing pass holders do not lose out. I reflect that the WASPI campaign has revealed potential significant disadvantages if a major change is not planned, executed and communicated well.

### **Community Transport**

As this report is dictated I am conscious that there is some debate taking place within both the PSV and community transport sectors in relation to the demarcation between the two regimes. As a traffic commissioner I do not feel that it would be helpful for me to become embroiled in this debate. The Department for Transport has already announced that a consultation will follow in the autumn. The Welsh Government will no doubt fully engage with the process, there are potential opportunities for reform.

Currently the issue of community transport permits is undertaken by a hotch-potch of organisations with an almost complete lack of transparency and/or accountability. New permits are granted for five years but there could be old permits still in use because regulations were never introduced as anticipated by legislation, to bring them to an end. There are three types of body that grants permits:

1. Traffic Commissioners - the existing system is not very effective and, as mentioned above, we have become little more than a post box with very few referrals to traffic commissioners as a result of the current legislation. Another licensing body recently told me that where it had refused a permit, the organisation reacted by successfully obtaining the same type of permit from a traffic commissioner. Curiously the reverse has also happened, so where a traffic commissioner sought to introduce a form of seminar to train potential permit holders prior to issue, applicants decided to withdraw their applications and obtain them from an alternative licensing body.
2. Local authorities - they are the most likely to grant permits inappropriately and there is a lack of consistency. In fairness to local authorities in Wales, complaints about a lack of consistency have been made in England, I am unaware of there being any special problem in Wales.
3. Designated bodies - there is a sundry list of about 60 bodies that have authority to issue permits. The list of bodies able to authorise section 19 permits would result in surprise at how and why certain organisations have been given those powers. One of these designated bodies is strikingly different as it has far more effective control than any of the others. It is the Community Transport Association (CTA).

I spoke to the last AGM of the CTA in Wales and noted that there was no obvious dissent from the suggestion that if there was only one licensing body, with a single coherent rulebook, that might leave the Traffic Commissioner for Wales to be the appeal body. If this came about there ought to be a process whereby bodies such as local authorities and the CPT could be able to object to applications for permits and/or their continuation.

Currently the CTA issues permits to a wide variety of organisations, paradoxically this includes the issue of permits to organisations on the list of designated bodies. There is the potential for a future designated body to recognise that the CTA provides training and whilst that designated body might well be a worthy cause, it doesn't necessarily have the expertise of the CTA.

Whilst the CTA is regarded by many as the principal issuer of community licences amongst the list of designated bodies, it has also been described by some as a trade association, this reflects how highly it is regarded and is also a recognition of its invaluable training role. Constitutionally it would be logical to ensure that any future organisation that issued community permits, could not also be a trade association.

### **The Impact of Congestion on Bus Services**

I did not respond to a formal consultation exercise on the above subject as it included a period when purdah applied, pending the General Election to the Westminster Parliament. The Economy, Infrastructure and Skills Committee has subsequently produced a report which sets out key issues, I would not wish to contradict anything in it. As regulator for both the PSV and the HGV industries I would wish to add to the conclusions.

The crux of the problem is that at peak times there is avoidable congestion especially in urban areas and this has a significant impact on both the economy and environment. This is especially the case during school terms, as evidenced by the considerable reductions in traffic during school holidays. The provision of timely bus services can have a significant positive effect on both congestion and the environment.

I point to the fact that there have been instances across Great Britain where the introduction of bus lanes has had the effect of a negative public reaction with a degree of hostility. This is especially so if a bus lane has not been properly planned and where there is ineffective enforcement action in relation to those who transgress.

Any new bus lane might sensibly include consideration as to the scope of vehicles that are entitled to use that specific stretch of road. In some parts of the country local authorities have allowed HGVs to use bus lanes where the roads are planned so that this is facilitated. It is a recognition of the fact that HGVs are essential for the economy and the provision of services, indeed alternatives to using HGVs usually result in a considerable number of unregulated large vans thereby increasing congestion and causing far greater environmental damage. As the regulator for the HGV industry I also point out that a single modern efficient HGV will produce far less pollution than a traditional five-year-old family diesel car. I am not suggesting that HGVs should use all bus lanes, I merely point out that each case should be considered on its merits and that there might be occasions when allowing HGVs to use a bus lane will improve traffic flow.

In parts of central London where there is an acute shortage of road space, there are circumstances where only PSVs are allowed to use bus lanes and taxis are excluded from using them. My point is that where a bus lane is introduced, thought should be given to who is allowed to use it.

Good planning is required and unintended consequences should be avoided. I am conscious that some cities that have introduced separate road spaces for bicycles for understandable safety reasons have had problems when emergency vehicles have had their access limited as a result of ordinary cars and other vehicles being unable to pull over and leave sufficient space. This can create unintended problems for emergency services.

I am also conscious that use of road space needs special care when it is used by both HGVs and bicycles. A number of excellent initiatives have taken place involving specialist training for HGV drivers to better understand the needs of cyclists, and vice versa. Specialist cycle awareness is not yet to my knowledge one of the modules for HGV CPC, although this might change in the future.



**Liaison and communications**

I am endeavouring to set up pan-Wales forums with view to improving communications within both the haulage and PSV industries. Whilst I appreciate that much of this report focusses on PSV issues, the majority of licences, the majority of vehicles and the majority of hearings concern HGVs. Preliminary meetings have been held, with the first formal one due in October 2017.

Whilst I seek to communicate effectively with all relevant organisations in Wales, I am clear that there are some where there would be considerable mutual advantage if we met to discuss potential synergies. It is difficult to bring this about without any staff based in Wales to assist me, hopefully this will be addressed soon.

The Welsh Government has already indicated support for my holding regular seminars with view to both educating and communicating with operators, thereby improving road safety and assisting in achieving a level playing field for operators. Again, once I have staff in Wales to assist, this can be addressed.

**Other**

This, my first annual report for the Welsh Government, is very different in its nature to that produced for the Secretary of State for Transport. Whilst I have received every support from Welsh Government officials, I would still welcome constructive comment on both the contents and format of this report so that I may continue to best serve the communities of Wales.



**Nick Jones**  
**Traffic Commissioner**  
**Comisiynydd Traffig dros Ardal Drafnidiaeth Cymru**

**September 2017**

# Agenda Item 3.3

**Cynulliad Cenedlaethol Cymru**  
Y Pwyllgor Cyfrifon Cyhoeddus

**National Assembly for Wales**  
Public Accounts Committee

Lynne Neagle AM – Chair of Children, Young People  
and Education Committee

Russell George AM – Chair of Economy, Infrastructure  
and Skills Committee

11 October 2017

Dear Chairs,

You may aware that the Public Accounts Committee has recently undertaken some work on the Welsh Government's oversight of further education colleges' finance and delivery. On the 3 July 2017 the Committee took oral evidence from Welsh Government Officials and further education sector representatives on issues arising from the Auditor General's report on this matter, which was published on 28 February 2017. We also received further written correspondence from the FE sector with regard to these issues in September 2017, which are attached at Annex A.

I thought it would be helpful to highlight the issues arising from our work as these may be relevant to the work of your Committees either now or in any future consideration of this subject area. These issues are detailed below:

- We found that while generally sound, the Welsh Government's funding and oversight arrangements would benefit from a longer-term and more integrated approach. This would assist colleges in setting longer term funding objectives and provide greater certainty about income levels and assist with business planning. We welcome the Welsh Government's aim of restoring three year budgeting recognising there is a need for greater clarity about the revenue resources available to the Welsh Government, to be able to achieve this.



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- There was discussion around the current condition of the FE estate, including safety and accessibility, and concerns on how this varies across Wales, and the prospects for future improvement. We have some concerns around the sufficiency of existing resources to maintain the estate in preventing further deterioration in its condition. We were assured by the Welsh Government's confidence that the FE estate will be in better repair and the percentage of institutions that have estate that is deemed to be of low quality will have reduced by the end of the 21st Century Schools and Education band B process. However, we think progress needs to be monitored to ensure this happens.
- We welcome the FE sector's approach in taking forward the implementation of the Well-being of Future Generations (Wales) Act 2015 and note the dialogue between the Welsh Government and FE institutions and universities with regard to how the sustainable agenda is taken forward. We also welcome the Welsh Government's approach into looking at the institutional review process and the remit letters to reinforce the importance of the five principles and the seven outcomes that are captured in the Act.
- We were pleased to hear about the ways in which FE colleges are working with HE institutions to deliver value for money particularly where colleges are part of groups that are led by HE institutions. We note the excellent collaboration that exists through groups like the University of Wales Trinity St David, which includes Coleg Sir Gâr and Coleg Ceredigion, and also the University of South Wales with Merthyr. Going beyond these formal group structures we welcome that 11 of the 13 colleges in Wales have significant formal relationships with universities.
- The Committee also welcomes the sectors relationship with schools particularly the creation of the Seren networks, which bring together FEs and universities and schools, to raise the aspirations of people to achieve as best they can, not just academically but also vocationally.
- We considered the wider financial position of the FE sector including its efforts to reduce and control costs. We welcome the Welsh Governments approach in undertaking an annual health check of FE college finances. We were very pleased to note that nine colleges are reported as being in band



A, in good financial health, and three are in band B, and that there is action planning on going for the band B institutions to improve their financial health.

- Finally we welcome the FE sectors approach in responding to funding reductions and the agility of the sector to respond positively. We note the working being undertaken between the sector and the Welsh Government to look at a strategy to provide equity between further education, work-based learning, higher education and school sixth forms to ensure clarity and the achievement of value for money for the taxpayer.

I trust these observations will be helpful to you in any considerations by your respective Committees of further education finances.

Yours sincerely,

A handwritten signature in black ink, reading "Nick Ramsay". The signature is written in a cursive style with a long, sweeping underline.

**Nick Ramsay AM**  
Chair



## Colegau Cymru / Colleges Wales

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Colegau Cymru / Colleges Wales is a charity that **raises the profile** of further education, vocational, work-based learning, and adult continuing education among decision-makers. Our aim **is to promote world-class education, training and skills outcomes for all learners in Wales.**

### FE profile

Wales' Further Education Institutions are independent, not-for-profit bodies serving their communities. Presently more than half of their funding is received from the Welsh Government. However, pressure on available funding from Welsh Government has seen all colleges increasing their commercial activity, focussing on employer engagement and activity beyond their core provision. This area of work is set to continue to grow and thrive. Colleges do undertake a range of activities all focused on enhancing the learning outcomes for individuals, developing the skills needed within local communities - and importantly on remaining sustainable organisations with robust and resilient business and operational plans.

Disruption and innovation in delivery will continue to be the way in which FEIs respond to social and economic challenges as well as the future and current needs of their learners.

Further Education institutions vary considerably in size, number and type of students and the range of programmes and services offered, with learner numbers ranging from 1000 to 20,000. The majority offer both academic and vocational programmes. Some have developed specialisms in particular vocational sectors, such as land-based, marine engineering, and food technology.

When identifying college marketing spend, due regard and consideration of the nature of our FE colleges and institutions complex and diverse nature of the post-16 sector must be given. Colleges have very different "markets" e.g. some are tertiary colleges where all or most of the 16-18 year olds progress automatically to the FE college i.e. no marketing needed, others have extensive Higher Education provision, whilst others operate internationally, and all colleges work with employers of varying sizes in the region.

Due to the variation of activity we have based our figures and findings on the Percentage of Recurrent FE WG funding spent on 'non pay' marketing costs for 2015/16. The data identifies colleges annual spend ranging from 0.47% to 1%.

The sector involves activity in the following areas:

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- Academic/A level courses
  - Vocational programmes ranging from Level 1 to Level 4/5
  - The Welsh Baccalaureate
  - Numeracy and Literacy support including GCSE resits
  - Independent Living Skills Programmes
  - Traineeship/Engagement Programmes
  - Employer-based Work-based Learning programmes - apprenticeships
  - A wide range of short courses for industry and business
  - Adult Basic Skills
  - Higher Education.
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### **Delivering Ministerial Priorities**

The FE sector is a key player in the delivery of the Ministerial priorities for the sector. These include tackling poverty, improved literacy and numeracy, learner progression and support, employer engagement and enterprise and developing Welsh medium provision.

The sector is encouraged to work closely with schools, local authorities, employers and other stakeholders to meet the needs of learners and employers enabling them to progress in the future.

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### **Key Statistics**

- StatsWales records show 224,410 learners in Further Education, Community Learning and Work-based Learning for 2015-16.
- Of these, 59,905 were involved in work-based learning, which is roughly a quarter (26.7 per cent). This does not take into account the additional 27,899 school pupils aged 16 or over for the same time period.
- This means that more than three quarters of people aged 16 or over are studying at FE, at school, or as part of Community Learning and are not part of work-based learning.<sup>1</sup>

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<sup>1</sup> Source - Stats Wales, see: Learning programme numbers by provision type, mode and gender, available at: <https://statswales.gov.wales/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Further-Education-and-Work-Based-Learning/Lifelong-Learning-Wales-Record/learningprogrammes-by-provisiontype-mode-gender> ; Pupils by local authority, region and age group, available at: <https://statswales.gov.wales/Catalogue/Education-and-Skills/Schools-and-Teachers/Schools-Census/Pupil-Level-Annual-School-Census/Pupils/pupils-by-localauthorityregion-agegroup> .

- The majority of part time learners are over 19
- 52% of all learners were female in 2015/16
- Wales' colleges have a good profile in inspection outcomes by Her Majesty's Inspectorate, Estyn. During Estyn's last FE inspection cycle (2014-17), most provision was judged to be excellent with one double excellence and a good.

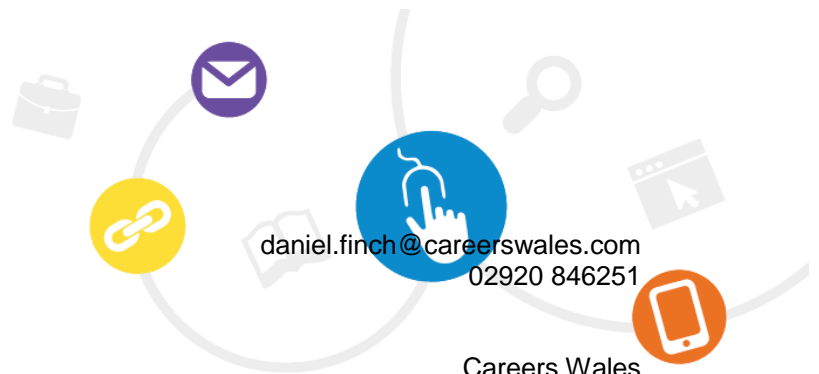


# Agenda Item 3.4



Please contact: Daniel Finch

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13 October 2017

Dear Chair,

## Re Economy, Infrastructure and Skills Committee – Scrutiny of the Minister for Skills and Science. 27th September 2017

Further to the Committee's recent scrutiny of the Minister for Skills and Science, Julie James AM, I thought it would be helpful to clarify a number of points that were made in relation to Careers Wales.

As the Minister noted in her evidence to the Committee, the agreed vision for careers services in Wales, '[Changing Lives](#) – A Vision for Careers Wales', builds on the recommendations of the independent strategic review undertaken by PwC. The review considered international evidence on the provision of careers services alongside the economic and policy context in Wales and feedback from stakeholders.

We welcome the Welsh Government's recognition of the pivotal role that Careers Wales will play in the delivery of Welsh Government programmes including Working Wales. Using technology to extend access and engage users is a key priority of Changing Lives. The successful implementation of our Digital Transformation Strategy, which considers the way we work, the skills that staff need, the infrastructure and technology we use across the organisation and how we can use data to support clients and partner organisations, is crucial to the delivery and development of our services.

During the meeting members of the committee referred to the recent Estyn report "Careers: The implementation of the careers and work framework in secondary schools", comments made by committee members included criticism of Careers Wales.

Estyn's criticism was not of Careers Wales but of the delivery of the framework in schools. The main findings conclude that "the majority of schools have not responded effectively to reductions in the support offered by Careers Wales". The "reductions" refer to the level of support for pupils with the report noting only a few schools ensure that all Key Stage 4 pupils have an interview to discuss their options. The report also concludes that the implementation of Careers and World of Work (CWoW) framework is varied in terms of standards, time allocation and provision and raises concerns over the reduction in the opportunity for pupils to access work focused experiences, with schools citing the withdrawal of the Careers Wales work experience database as one of the reasons for this.



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Whilst the change in our remit and budget has resulted in a change in our offer to schools, it is important we clarify that the delivery of this service is not a requirement of the remit or the responsibility of Careers Wales and that these issues are the responsibility of the schools.

Moving forward, 'Changing Lives – A Vision for Careers Wales' provides clear direction on our service offer for schools.

Changing Lives includes the potential for the development and delivery of services which address a number of issues referred to in the report. These include:

- (f) A new Offer for schools and pupils** – the development of the careers discovery model will widen access through both our face to face and digital services.
- (g) Education Business Exchange** – facilitating the link between business and schools.
- (h) Introduce the role of Careers Leaders in schools**
- (i) Provide CPD support for Careers Leaders in schools** -we are currently working in partnership with the Career Development Institute (CDI) to pilot the delivery of the Certificate in Careers Leadership. The first cohort of teachers from the ERW region started the qualification on September 26<sup>th</sup> 2017, with a proposed completion date of July 2018.
- (j) Introduce a new Careers and the World of Work framework, based on career management skills, as part of the *Successful Futures* curriculum**
- (k) Formally adopt the Gatsby benchmarks**
- (l) Introduce a new Careers Wales 'Mark' or 'Excellence in Careers Education Award' combining the new career management skills framework and Gatsby benchmarks**

We hope you have found this information useful and would welcome further discussion on our proposals. Our marketing manager, Dan Finch, could arrange a meeting at your convenience. His contact details are [Daniel.finch@careerswales.com](mailto:Daniel.finch@careerswales.com) / 02920 846251

We look forward to continuing our close working relationship with the Welsh Government, National Assembly for Wales and supporting the development of a world class, careers and work framework for Wales.

Yours sincerely,

**Debra Evans-Williams**  
**Chair, Career Choices Dewis Gyrfu**

