

# Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Menter a Busnes](#)

[The Enterprise and Business Committee](#)

23/09/2015

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn  
ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in  
the committee. In addition, a transcription of the simultaneous interpretation  
is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Mick Antoniw	Llafur Labour
Rhun ap Iorwerth	Plaid Cymru The Party of Wales
Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Jeff Cuthbert	Llafur Labour
Keith Davies	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru The Party of Wales
William Graham	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Jenny Rathbone	Llafur (dirprwyo ar ran Joyce Watson) Labour (substitute for Joyce Watson)

**Eraill yn bresennol**  
**Others in attendance**

Steven Davies	Pennaeth Cyllid Arloesol, Llywodraeth Cymru Head of Innovative Finance, Welsh Government
Geraint Green	Pennaeth Busnes ac Arloesedd, Llywodraeth Cymru Head of Business and Innovation, Welsh Government
Dr Grahame Guilford	Llysgennad Cyllid yr UE EU Funding Ambassador
Rob Halford	Pennaeth Strategaeth a Chynllunio, Llywodraeth Cymru Head of Planning and Strategy, Welsh Government
Jane Hutt	Aelod Cynulliad, Llafur (Y Gweinidog Cyllid a Busnes y Llywodraeth) Assembly Member, Labour (The Minister for Finance and Government Business)
Dr Hywel Ceri Jones	Llysgennad Cyllid yr UE EU Funding Ambassador

Gaynor Richards                      Llysgennad Cyllid yr UE  
EU Funding Ambassador

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol  
National Assembly for Wales officials in attendance**

Mike Lewis	Dirprwy Clerc Deputy Clerk
Andrew Minnis	Gwasaneth Ymchwil Research Service
Gareth Price	Clerc Clerk

*Dechreuodd y cyfarfod am 09:59.  
The meeting began at 09:59.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon  
Introductions, Apologies and Substitutions**

[1] **William Graham:** Good morning, and welcome to the Enterprise and Business Committee. We've received apologies from Gwenda Thomas and Joyce Watson. We're grateful to Jenny Rathbone for substituting for Joyce this morning. I welcome Members, witnesses and any members of the public. The meeting is bilingual; headphones can be used for simultaneous translation from Welsh to English on channel 1, or for amplification on channel 2. The meeting is being broadcast, and a transcript of the proceedings will be published later. May I remind Members and witnesses that there is no need to touch the microphones, and, in the event of a fire alarm, would you please follow directions from the ushers?

**Sesiwn Graffu gyda'r Gweinidog Cyllid a Busnes y Llywodraeth  
Scrutiny Session with the Minister for Finance and Government  
Business**

[2] **William Graham:** Our first session this morning is with the Minister for Finance and Government Business. We're grateful to the Minister for her attendance today. Minister, could I ask you just to give your name and your officials' names for the record?

[3] **The Minister for Finance and Government Business (Jane Hutt):** Jane

Hutt, Minister for Finance and Government Business.

[4] **Mr Halford:** Rob Halford, head of planning and strategy at the Welsh European Funding Office.

10:00

[5] **Mr Davies:** I'm Steve Davies. I'm head of innovative finance.

[6] **Mr Green:** I'm Geraint Green, head of research and innovation at WEFO.

[7] **William Graham:** Thank you very much. The Minister has agreed that we go straight into questioning. The first question is from Jenny Rathbone.

[8] **Jenny Rathbone:** Chair, could I just make a declaration of interest, which is that I chair the European programme monitoring committee?

[9] **William Graham:** Thank you very much.

[10] **Jenny Rathbone:** Minister, I wonder if you could tell us what impact you think the EU funding ambassadors have had on Welsh organisations participating in the European opportunities?

[11] **Jane Hutt:** Clearly, we need to make the most of the impact of European structural funds and I think it is important to recognise, in terms of that impact, the impact that we've made in terms of the first round of structural funds. I think that's very important in terms of the impact, not only on the progression, in terms of achievement of qualification, but on the progression as well in terms of qualification. So, I think if you look at the fact that we're now hitting the ground running in terms of our new programme, with EU funding announcements worth over £300 million and 30 projects so far are driving a total investment of £700 million, you can see the impact that we're also making very quickly in terms of the investment that we're making in the next round.

[12] But I think it is very important to recognise as well that EU membership brings very real benefits to the UK and Wales. This is part, of course, of ensuring that we do integrate, not only our investment in structural funds, but also recognise that this is linked to our strong, deep and integrated single market, creating growth and generating jobs and, of

course, offering opportunities that weren't there for citizens 20 years ago.

[13] **Jenny Rathbone:** So, what impact do you think the EU funding ambassadors have had on other programmes, like Erasmus, Creative Europe and the European territorial co-operation programmes? How much do you think they've drawn people's attention to these opportunities outside the structural fund programmes?

[14] **Jane Hutt:** Well, I think the impact that they have, particularly on those directly managed programmes, is already beginning to be very clear and I know they're going to be talking to you and you'll be questioning them in due course. Of course, what they're doing is engaging and influencing key public, private and third sector stakeholders and the European Commission, so not only in terms of engaging with ministerial colleagues, but also with local authority EU regional engagement teams and with the private and third sectors, recognising that they can take this forward. For example, they've got an event on 2 October. That's a joint Welsh Government, Welsh Local Government Association and Welsh higher education event. That's about promoting Welsh involvement in the territorial co-operation programmes. There is also a conference on Erasmus in early November in Cardiff.

[15] But they're also making an impact, I have to say, on ensuring that we're bringing together a network of Welsh Government officials to support the EU funding ambassadors. I think there are some notable successes under both Horizon 2020 and Erasmus+ programmes, which they will be able to, I'm sure, report on as well. I think it is important that you do see that they bring with them not only great expertise and experience, but also connections to the sectors: higher education, business and third sector.

[16] **Jenny Rathbone:** I hosted the Community Energy Wales launch here in Tŷ Hywel last week: 40 or 50 people all engaged in trying to develop community energy schemes in their communities and none of them seemed to be aware of European regional development funding, rural development programme funding or, indeed, mentioned the territorial co-operation programmes. So, I'm a bit concerned that the message isn't getting out there sufficiently so that small businesses, as well as large businesses, are able to use the opportunities that Europe offers.

[17] **Jane Hutt:** I'm very surprised about that and obviously as chair of the programme monitoring committee, which has private sector, third sector and local government well established as the key stakeholders, you will know that

they have a responsibility as well, don't they, to ensure that not only the opportunities, which of course business is taking forward—and I've outlined many of the developments in my written evidence to the committee—. But it is important that, you know, this committee, of course, scrutinises the impact of what we are doing and what WEFO is doing in terms of our communications to ensure that, particularly, the private sector does engage. I mean, I think it's very interesting that, in terms of the EU ambassadors, when we had our March reception—a St David's Day reception—in Brussels, the Federation of Small Businesses were there and they were very keen, as indeed was local government, who were also there and a large cross-sectoral representation at that event, that we now have these EU funding ambassadors, for example, to help promote the message of what could be achieved, not just from the structural funds, because I have tasked them with specifically looking at the directly managed funds. You know that those, of course, include Erasmus, Connecting Europe and a whole range of areas as well as Horizon 2020.

[18] **Jenny Rathbone:** Do you see these as ad hoc appointments or do you think there's a permanent role for such people in supporting the Welsh Government's European programme?

[19] **Jane Hutt:** Well, we did, really, follow your recommendation as a committee—I looked very carefully at this. You recommended that we should establish an EU funding champion. I thought it would be useful to appoint more than one person to, as I've said, have a cross-sectoral representation. So, I approached—and, of course, they're doing it voluntarily—Dr Grahame Guilford, Dr Hywel Ceri Jones and Gaynor Richards last December and asked them if they would play this role as a panel of ambassadors, bringing their expertise and experience, and they, of course, are playing that role up until the end of this administration. I think it will be for us and future Governments to consider whether this has been valuable—to engage with them in that way. Those appointments have been very well received, as I said, and I think they are promoting and committed to promoting and maximising opportunities presented particularly by the EU's directly managed funding programme.

[20] **Jenny Rathbone:** Thank you.

[21] **Mick Antoniw:** Minister, I wanted to ask you about the Wales office, and recommendation 6 of the funding opportunities report recommended that you

[22] 'Review the representation in Wales House in Brussels to address current gaps, notably how its services can be accessed by businesses, further education, the third sector and the creative and cultural sectors.'

[23] I was just wondering what progress you think has been made in responding to that recommendation.

[24] **Jane Hutt:** Well, that, again, was a recommendation that I responded to fully and, in fact, I now have meetings regularly in Wales House with all of those who are represented. Wales House does play a very important role: it connects with European networks and it provides links with Welsh Government colleagues—I'm meeting them again next week when I'm in Brussels. But also, I think, what's important about Wales House is that it can support external organisations, as you know, with regard to their European work. It regularly reviews its representation and, of course, what we're undertaking now is this mapping exercise to find out whether we have got enough expertise and support arrangements, particularly relating to the directly managed programmes. That is being undertaken with WEFO and the European Commission office in Wales, because Wales House has to be at the forefront in terms of its role and we have to make sure that it has got key representation, as you identified in your recommendation.

[25] **Mick Antoniw:** Minister, it'd be interesting to know what you see as the timetable for the completion of the mapping exercise. A number of major Welsh players, obviously, are related to the Wales office—I'm thinking particularly of local government, but also, of course, higher education is a very major player and fund recipient et cetera, and there are other business and other interests that are based in Brussels. To what extent do you see the Wales office as actually fulfilling the role of being a co-ordinating hub for all those interests within a strategic set of, perhaps, objectives and targets for Wales and for Welsh Government?

[26] **Jane Hutt:** Well, clearly, Wales House has already been playing that role, I would say, hosting, of course, higher education—that's been long-standing—and local government representation. We have been looking not just at business interests, but also third sector interests as well in terms of that mapping exercise. I mean, I don't know when we foresee that mapping exercise being completed, but I certainly want to see a swift conclusion of it.

[27] **Mr Halford:** I probably would have thought that it will be in the next



six months, certainly.

[28] **Jane Hutt:** Well, it certainly has to be before I would like that to report, so that this committee, I'm sure, will want to comment on it. I think, on the other point about Wales House, obviously, it has a lead official—a Welsh Government official, Dr Rob Parry—and it has officials from departments from across the Welsh Government. I think also, of course, very importantly, that this is a hub not just in terms of engagement, but for communications, for the very point that Jenny Rathbone was making about promoting the opportunities of the European structural funds and directly managed programmes as well. So, you know, it has to play a full part, Wales House—and I believe that it does—and if we need to strengthen it, then of course we will as a result of the mapping exercise.

[29] **Mick Antoniw:** Okay. Thanks.

[30] **William Graham:** Thank you. Oscar.

[31] **Mohammad Asghar:** Thank you very much, Chair. Good morning, Minister. I'd be grateful if you yourself or your colleagues could elaborate to this committee how the Welsh Government is monitoring Welsh participation in centrally managed EU funding programmes, and whether the Minister is able to provide any overall data on participation in the first round of calls under the various programmes, which you have already mentioned, like Erasmus+, Creative Europe or COSME et cetera.

[32] **Jane Hutt:** Thank you very much for that question. Obviously, this is key. I mean, WEFO has to deliver in terms of the impacts and, I think, in terms of structural funds, that's critical. But if we look at some of the directly managed funds and the Welsh success under those, Horizon 2020, for example, is very competitive, I would have to say. The performance of Welsh organisations has been encouraging in many areas, and so the latest available data from 17 July of this year shows that 44 Welsh participants were selected for funding, involving EU funds of €17.6 million. If we look at Erasmus+, 40 Welsh projects have been awarded funding of nearly a sum of €6.5 million for this year, and that's 5.8 per cent of the total against our population share of 4.8 per cent. That's an improvement on last year—on 2014. Also, what is useful in terms of Erasmus+ is to look at applications from adult learning, for example. It's the highest, at 10.3 per cent, of all applications. Schools are more disappointing in terms of applications, and those are areas that I know the EU funding ambassadors are looking at, but

also my officials.

[33] So, as a percentage of successful applications in 2015, it's the highest of the home nations for Erasmus+, at 60.6 per cent. I think we've got some good examples: Cardiff city inspiring outdoor learning; Cardiff Met's partnership with Brazil, China, Egypt, India, Indonesia, Lebanon and Morocco; Swansea University in partnership with China, New Zealand and USA; Coleg Cambria, mobility and cultural awareness for VET; learners at CollegesWales, pan-Wales further education, staff and vocational learning mobility; and also the Welsh Football Trust, using mobility to enhance apprentice success in Wales. We've also got some good results for Creative Europe and Connecting Europe. Network Rail has been successful in its bid for funding towards the electrification of the south Wales mainline. COSME as well—valuable support for Enterprise Europe Network in Wales. So, would it be helpful, Chair, if I actually wrote to you with some of these details?

[34] **William Graham:** That would be very helpful, Minister, yes. Thank you very much.

[35] **Jane Hutt:** Because I don't want to just go on listing. Again, with Creative Europe, we've got Welsh National Opera. It's been the partner of the successful Opera Europe project. We've got Aberystwyth University's literary Europe Live project, again, that's attracted €455,000 to help with its Europe-wide platform. So, there is a lot to report on in terms of those directly managed programmes already.

10:15

[36] **William Graham:** Good, thank you. Rhun.

[37] **Rhun ap Iorwerth:** Bore da, **Rhun ap Iorwerth:** Good morning, Weinidog. Mi wnaf droi, os gallaf i, at Minister. I will turn, if I may, to the gyfleoedd am fuddsoddi mewn infrastructure investment isadeiledd yng Nghymru'n benodol, opportunities in Wales specifically sy'n dod o dan gynllun buddsoddi under the Juncker investment plan. I Juncker. Tybed a allech chi roi wonder if you could give us an diweddariad i ni ynglŷn â lle rydym ni update on where we are, currently, in arni erbyn hyn o ran y bibell—y terms of that pipeline of projects for *pipeline*—o gynlluniau i Gymru, yn Wales, particularly what you note in enwedig yr hyn rydych ch'n nodi yn your paper, namely that there has eich papur chi bod yna ddiwygio wedi been a revision of that list of

bod i'r rhestr honno o gynlluniau. projects. I notice that you don't  
Rwy'n sylwi nad ydych chi'n nodi provide details of those revisions and  
manylion y diwygiadau hynny; mi I would appreciate it if you could give  
fyddwn i'n gwerthfawrogi pe baech us a little more information on that.  
yn gallu rhoi rhywfaint yn rhagor o  
wybodaeth i ni am hynny.

[38] **Jane Hutt:** Well, certainly, I've engaged, as you know, with the European fund for strategic investment—EFSI—since it was announced last November. I've engaged in Wales, at a UK level and in Europe. We now have a cross-governmental group taking this forward, but, also, officials are engaging with UK Government officials as well.

[39] I'm very happy to share, again, Chair, the latest list in terms of the projects that are being taken forward. I think it's very important to recognise that, in terms of those projects, they are projects that could be eligible for the European fund for strategic investment, but, in fact, they could be eligible for other sources of European Investment Bank funding. That's one of the key points that I discussed with Jonathan Taylor, the vice president of the European Investment Bank, when I met him in July. We went through every single project that we had. I had a good session with him, but, of course, that ranged from the housing finance grant to the Velindre Cancer Centre, the A465, the south Wales metro, the green growth fund, flood and coastal risk management, the Swansea bay tidal lagoon, and Anglesey Energy Island; they were all on the agenda. But as we went through them—and I will forward the latest list again—for each one, he could comment, 'Well, this may be eligible for other EIB support alongside the actual Juncker EFSI package'. The regulations were only approved in June, so we're now in the process of following through the opportunities for building business cases, many of which are in our infrastructure plan anyway and are being worked up as business cases.

[40] **Rhun ap Iorwerth:** Can we assume that there have been no additions to the pipeline as a result of the recent review?

[41] **Jane Hutt:** No additions to the pipeline, but looking, perhaps, at what are more likely and appropriate in terms of criteria that are being set by the Juncker package, I think with the range of sectors that we've got, Jonathan Taylor felt that, certainly, they could all be eligible. In fact, what has happened already in terms of the pipeline, the Welsh scheme was reflected right at the start in terms of the commission. So, the one that they looked at

was the metro, but, as I said, he said that the whole Welsh pipeline was very credible. But I think one of the important things as well, which I said in my paper, is that he did also agree that we would have a workshop; they would come and do a hub workshop in Wales, which could also attract people from outside Wales, as well. So, that's something that I think will be forthcoming.

[42] In terms of the timetable for this, EU funding ambassadors have also taken part in this, but, back in March this year, I met European Commissioner Katainen's *chef de cabinet* to discuss the issues. I've updated Members, of course, regularly, but the key meeting, I think, was with Jonathan Taylor in Luxembourg in July.

[43] **Rhun ap Iorwerth:** I'm glad you mentioned the metro. Perhaps I could use that as an example of the need to press ahead with a fairly tight timescale now. I note that the Government's current proposals for the metro, running at 2023 in phase 2, do not seem to include elements of European funding—it's largely Valleys lines electrification. Can you give us a timescale for when, if everything goes well—and we're told that things are going well—you might be able to draw down funding, actual funding, in order to progress on elements of the metro that the Government doesn't seem to be progressing on at the moment?

[44] **Jane Hutt:** I think that we are progressing in terms of the metro and European funding. In fact, I think I'll bring Rob in on this because he's been specifically involved in this. This is where, in fact, the Juncker package, the European fund for strategic investments package, has to be seen alongside the European structural funds, because we're looking specifically, at this point in time, at the European regional development fund in terms of accessing funding for the metro, but there is still the potential to access the EFSI funding as well. In fact, the Minister, yesterday, was questioned, I know, on this and indicated in her statement on the national transport plan the ways in which we sought to access European funding and made sure that we had satisfied the Commission in terms of where we were with the metro to ensure that we could draw down funding in this round of structural funds. I don't know if you want to add anything else to be clear about that.

[45] **Mr Halford:** Yes, Minister. I think the important thing to say is that, when we negotiated the programmes in Brussels, the Commission were searching for greater detail on our proposals, and it's for that reason that they insisted on an ex-ante condition attaching to the approvals that they gave us, which meant that we had to provide them with more detail by 31

July. That condition has been met. There wasn't a need to define an exact scheme, but there was a need to establish that the metro, in its entirety, was identified within the national transport plan and other documentation. So, to the extent that we've satisfied that condition, we're now able to move forward in terms of negotiating support for a proposal with the Commission. The key question at the moment, and I think it's the question you're raising, is the extent to which we're able to identify a specific scheme.

[46] I think everybody would recognise that the metro is a long-term proposition; it's a project that will presumably run for, perhaps, 20 or 30 years before it's fully implemented. The next stage in the process is to identify that element of that wider set of investments that will form the basis for a bid to the European Commission, and that work is in train within the Department for Economy, Science and Transport by EST officials. Additionally to that, obviously, as the Minister has mentioned, there is the need to actually demonstrate to the Commission that this support that they will provide for the metro, hopefully, will lever wider investment.

[47] I think it's important to recognise that the outcomes agreed with the Commission were not about lengths of railway track or station improvements. The outcomes were around connectivity—connecting people to employment. So, in looking at our proposals, the Commission will want to understand how we are integrating future investments in pursuit of that outcome. That, in turn, plays into the considerations attaching to City Deal and the Juncker package. So, yes, it's about a transport infrastructure, but, actually, the outcome that we are searching for is broader than that, and it's really about demonstrating to the Commission that the proposal will serve as the catalyst to fulfil the potential of the city region in terms of its economic development opportunities.

[48] **Rhun ap Iorwerth:** I don't know if I could have—. I don't know if Mick Antoniw want to come in on this—

[49] **William Graham:** Is it on the metro?

[50] **Mick Antoniw:** Yes.

[51] **William Graham:** Yes, if you don't mind, Rhun. Mick, please.

[52] **Mick Antoniw:** Just to follow on, I'm a little bit concerned about the parameters within which you set this because you mentioned 20 to 30 years.

We've been talking, certainly in terms of debating, around 15 to a maximum of 20 years or so. That seems to highlight a certain degree of confusion about the actual nature of the project and where it is. During the statement by Edwina Hart, she talked about a further statement coming. Obviously, the key issue is going to be what is actually going to drive this forward and develop the whole proposal. So, I'm a little bit concerned about how loose this all seems. I would have thought, from the EIB's position, that the lack of sort of clarity, or the lack of clear idea in terms of what we're putting forward, must be a matter of some concern.

[53] **Jane Hutt:** I think that an important point about this is that the Commission and the EIB are very interested in the metro. That's good for us in terms of making sure. I think that it was only on 31 July that we got the green light: that they were happy in terms of that ex-ante condition to ensure that there was enough there for them to agree that we could progress. So, obviously, we have to progress in terms of that detail and for the projects that will be going forward. But I think, as Edwina Hart said yesterday, we're talking about a whole range of modes of transport, aren't we? There's light rail, heavy rail, bus, rapid transit and trams. It is a long-term project, as you say, and we're talking about up to £600 million of new investment in transport infrastructure in phase 2, as Edwina Hart said when she made her statement on 30 June. So, I think, with the project finance for this we do have an opportunity. We certainly have the door open in terms of ERDF and accessing that, but also, I think, we have an opportunity with EIB as well because they see that this is a transforming project in terms of what it can do for the economy in south-east Wales.

[54] **Mick Antoniw:** But would you agree, Minister, that what we would want to see is a project that is capable of being funded within a much tighter timescale?

[55] **Jane Hutt:** Well, we certainly want to draw down this European funding, as far as structural funds, in this round. We're nearly two years into this round.

[56] **William Graham:** Thank you. Rhun.

[57] **Rhun ap Iorwerth:** Just one question, Chair, on your capacity in WEFO and in the Welsh Government. We're dealing here with a wide range of infrastructure projects—major projects. Do you have the capacity to be able to get early results on this wide range of projects, or is the reality that, as

you're trying to juggle so many different issues of some scale, we're more likely to see more gradual progression than perhaps you would like?

[58] **Jane Hutt:** Well, I think, as I've said, we're talking now about the Juncker package and the EFSI. In terms of the Welsh pipeline, these are all part of our Wales infrastructure investment plan pipeline projects anyway. So, we are progressing with housing finance grant 2. We are progressing with the Velindre Cancer Centre, which, of course, in terms of—. I think Steve could say something here. All of these projects are either within the wing of the innovative finance division and pipeline, and so, departmental engagement, your engagement as well as my engagement, and centrally through innovative finance. They're all on their way. I think what we need to do is focus particularly on what we think could be eligible for EFSI funding—and we've mentioned the metro, and they've certainly identified that—and make sure that we can deliver on it. But I can assure you that they're all under way. So, Steve, do you want to say something?

[59] **Mr Davies:** I will just add, Minister, that on the list there are some schemes that, of course, are Welsh Government schemes, where the Welsh Government is essentially the project sponsor. There are other schemes where other parts of the public sector in Wales are the project sponsor, and there are, indeed, some projects where the sponsor is actually in the commercial sector. So, while it looks as if there's an enormous amount of activity being driven by the Welsh Government, in some cases the role is co-ordinating, in some cases the role is actually procurement. So, in terms of those ones where we are in the lead as the project sponsor, we have been working very hard on ensuring that we have the capacity and the capability, importantly, to deliver those schemes. In some cases, that has meant working with partners—HM Treasury, Infrastructure UK, Scottish Futures Trust, Northern Irish Strategic Investment Board—to bring people into our teams to make sure that we do have the requisite expertise.

[60] **Jane Hutt:** If I just say, of course, one example of that is Swansea bay tidal lagoon. Another is Anglesey Energy Island. So, you know, as Steve says, we're acting to promote these opportunities from the private sector with our backing.

10:30

[61] **William Graham:** So, that leads us now to questions from Keith, please.

[62] **Keith Davies:** Diolch, **Keith Davies:** Thank you, Chair. I'll Gadeirydd. Fe wnaif i ofyn yn ask my questions in Welsh also. Gymraeg hefyd. Rŷm ni'n sôn am y We're talking about the structural cronfeydd strwythurol nawr. A allwch funds now. Can you clarify the chi esbonio i ni y *synergies* rhwng y synergies that are being made cronfeydd strwythurol a chynllun between the structural funds and the Juncker a'r Banc Buddsoddi Ewrop, Juncker plan and the European achos maen nhw yn wahanol mewn Investment Bank, because they are ffordd? different?

[63] **Jane Hutt:** Yes. This is very important; in fact, I've already touched on it, really, in relation to the metro—the synergy and the opportunity that's being provided there. But I think you also need to look at the European Investment Bank anyway as a stand-alone part from the Juncker package. They've been asked to manage and deliver the Juncker package, but if you look at EIB, our engagement with EIB and the synergy with EU funds, in the past programme it supported the JEREMIE fund, for example, for SMEs, and it supported Swansea University's innovation campus, which, of course, opened this week. I think the point was made by someone yesterday—maybe by the First Minister—that that campus would not be there without European structural funds, the European Investment Bank and Welsh Government funding, as well as the private sector, of course. So, I think the EIB is even more determined— and I'm pressing hard for this with your support—to be an active investor in the Welsh economy, and to link it to those projects that are also eligible for European structural funds. I think that's where the EIB visit in terms of the hub workshop that they're going to undertake will be very valuable.

[64] **Keith Davies:** Mae'r projectau **Keith Davies:** You have backbone asgwrn cefn gyda chi fel rhan o'r projects as part of the structural cronfeydd stwythurol. Ffordd maen funds. How are they going to boost nhw'n mynd i hybu'r economi yng the economy in Wales then? Nghymru?

[65] **Jane Hutt:** Clearly, the backbone projects have been critical in terms of the ways in which we've taken forward the first tranche of projects. The economic prioritisation framework from Grahame Guilford—and you'll be seeing him shortly in his other role as EU funding ambassador—has steered us to ensure that we take this new round forward, that it is not business as usual, and that we learn the lessons and have successful outcomes. So, there's been a number of backbone projects that have been approved already



in this round. If you look at European regional development fund, there are business support schemes addressing access to finance, start-up to growth schemes for enterprises, knowledge infrastructure schemes, collaborative research between academic research institutions and businesses, and support for the commercialisation of RD and I relating to the transition to a low-carbon economy. There are also European structural funds backbone projects, of course: the apprenticeships, Jobs Growth Wales, Chwarae Teg, in terms of addressing gender inequality in the workplace, and also projects that are helping young people, especially those furthest from the labour market. So, in fact, backbone projects have been kind of first in line—they've had to be, because we didn't want to have issues in relation to transition; we wanted to get on with them. And I think that has, really—. We've drawn that and that has been very much driven by the economic prioritisation framework that Grahame Guilford brought to us, and you, of course, have considered.

[66] **Keith Davies:** Mae'r pwyllgor wedi bod lawr ym Mhrifysgol Abertawe i weld beth sydd wedi digwydd yn fanna. Fel roeddech chi'n esbonio, mae nifer o gronfeydd wedi dod at ei gilydd yn fanna. A oes rhyw project syfrdanol fel yna mewn golwg pipeline?  
nawr?

[67] **Jane Hutt:** Right. As well as the backbone projects—and there are more, obviously, coming through—we have also approved some very innovative new projects. I'll talk about Cardiff University in terms of the brain research imaging centre too—the CUBRIC: £4.5 million ERDF; it's a £16.1 million project centre; and, again, I think it's an extraordinary place to visit, as you recognise. I think also, just in terms of the private sector—and I've mentioned this, of course, in my written evidence—the fact is that we've had the £10 million European regional development funding for Minesto's Deep Green project, which takes us into the development of tidal energy. We are making great progress in terms of, as I've said, the £300 million EU funding announcements that we've already made. In fact, that's 15 per cent of our allocation. It drives a total investment of £700 million. The first one, of course—not a backbone project, but a very important project—that we announced was Aberystwyth University's £35 million innovation and enterprise campus.

[68] **Keith Davies:** Thank you.

[69] **William Graham:** Jeff.

[70] **Jeff Cuthbert:** You've just alluded there to tidal energy, and I want to talk with you about the maritime economy and energy generation, blue growth and blue energy. Could you begin by telling us what your overarching goal for development in this field is? Do you think that the Welsh Government should be involved in EU-level initiatives such as the ocean energy forum and Ocean Energy Europe? Then, finally at this point—I'll have a further question in a moment—I'll ask about the leverage effect of the investment of €100 million in the marine energy objective for the structural funds programme.

[71] **Jane Hutt:** Thank you very much, Jeff. I think, as you're aware, the Minister for Natural Resources is developing a Welsh national marine plan. He's going to be sharing that more widely later this year, and that's setting out Welsh Government's marine policies, and obviously highlighting opportunities for sustainable development. I think what's very important is that Welsh interests are being fed into the wider EU-level debate, and in fact the Minister is speaking at the Ocean Energy Europe conference in Dublin next month. We do believe that Wales has the potential to be a world leader in the marine energy market, and if you look at this round of European structural fund programmes, 2014–2020, there's strong support for employer-led training in emerging and priority sectors, which will include the marine energy sector. So, I mean, there is opportunity in terms of leverage and of course we're already providing funding. SEACAMS is one example from 2007–2013, and we're looking now at SEACAMS 2 in terms of business planning with WEFO, but for the first time, as is really important to us, we've been able to identify renewable energy as a priority in itself, and that's the marine renewable energy-specific objective with the €100 million. That is about making sure we can get the sector established in Wales as a world leader. And we've got our first marine renewable energy operation—I've mentioned it already—Deep Green, and that's very important in terms of job creation, and also the supply chain, of course. So, there are real prospects, I believe, and real leverage with the €100 million.

[72] **Jeff Cuthbert:** Thank you. If I may, Chair, again, you alluded to the issue of jobs, and of course what has to go with jobs is training and skills. We have discussed this issue with European commissioners as well, and there seems to be a recognition—that isn't just an issue for Wales, but generally

across Europe—that there is a significant skills gap in terms of some of these—well, some are existing technologies, some will be new technologies, in terms of harnessing the power of the ocean to help generate energy. Clearly, with Wales, on three sides at least, surrounded by water, and with the second-highest tidal movement through the Bristol channel, it's got to be a way forward for us. How does the Welsh Government intend address the skills gap to ensure that, as far as possible, employment will be aimed, not immediately, but certainly in the foreseeable future, at locally based, indigenous people?

[73] **Jane Hutt:** Well, that's where we can use the European social fund programme in this round to develop those skills to enhance that opportunity. We can use this in terms of the opportunity we've got, not just, as I said, for employer-led training, but also we know that there will be interest from the private sector as well as through further education and our schools to develop skills in this area. I think it's very interesting just to look at some of the skills needs that are being outlined, for example, by the Swansea bay tidal lagoon, and also by Minesto, in terms of what they're developing. Also, SEACAMS was about research, as well, in terms of development activity in Welsh waters, and we've got the two demonstration zones in Pembrokeshire, which we've, of course, supported through ERDF funding; they all need people to do the jobs with the skills, so it is a key element of the programme, and I know that that's something where we'll have proposals forthcoming. I don't know if you want to add to that, Rob.

[74] **Mr Halford:** No, only that the emphasis within the new ESF programmes is very much upon responding to demand-led requirements. So, to the extent that it's not business as usual, it is very much about identifying the needs of all of our potential growth sectors. Marine is perhaps a unique opportunity amongst them, but we have other opportunities as well, and it's really about ensuring that the provision that we put in place for training individuals maps onto those sectors and delivers outcomes for individuals that enable them to take those opportunities that you're describing. But it has to be a partnership process with the private sector, because they're the only ones that really understand what the requirements are. That process is ongoing, I should add.

[75] **Jeff Cuthbert:** Thank you very much. A promise, now: the final point from me on this matter. You mentioned partnership, and clearly there has to be good partnership between the industry, the private sector in particular, and further education and higher education. Do you think that partnership is

developing at the right level and, whether it's bespoke courses in either FE or HE, do you think the capacity is there within the Welsh FE and HE base to deliver?

[76] **Jane Hutt:** I think the Welsh national marine plan, as far as this skillset is concerned—and the need for demand-led skills training—will address this in terms of partnership and capacity.

[77] **William Graham:** Rhun and then Jenny.

[78] **Rhun ap Iorwerth:** Just a quick question on SEACAMS. I know it is a very important part of our marine energy future. Although it's part of Bangor University, SEACAMS happens to be in my constituency, and it's almost universally acknowledged the good work that SEACAMS 1 has done. I certainly hope for positive results from the current negotiations you're having with SEACAMS. There are concerns and signals that, perhaps, they will not get what they require to take SEACAMS 2 forward in the way they wish; do you, as a Minister, agree that now is not the time to take the foot off the gas? We need to continue to invest in research and development and the commercialisation of what goes on at SEACAMS if we are really serious about wanting to achieve world-class status as a developer of marine energy.

[79] **Jane Hutt:** Well, clearly, there were good outcomes from SEACAMS 1, and WEFO is in business planning as we speak about SEACAMS 2, providing a similar service, but also creating, as you're probably aware, a public portal in terms of access to the information in terms of the outcomes of SEACAMS 1. I think my point today for you, and for Members, is that recent discussions have been very constructive.

[80] **Rhun ap Iorwerth:** Thank you.

[81] **Jenny Rathbone:** I'm sure we all back your desire to be a world leader in marine energy, but what about our capacity to be a world leader in wind energy, given that the Germans are particularly interested in this, as we have four times the amount of wind power that the Germans do, and they wish to completely de-carbonise and de-nuke their energy systems? What role could the Atlantic Area programme play in that, if that was agreed?

[82] **Jane Hutt:** Well, I think there are opportunities, and it's clearly, of course, a matter for the Minister for Natural Resources, but there are opportunities because we have got this focus in terms of the Atlantic Area

programme. I think we have got an opportunity to develop that further. And wind energy, of course; today, we're talking about marine energy, but wind energy is certainly eligible.

[83] **William Graham:** Eluned Parrott.

[84] **Eluned Parrott:** Clearly, the potential for the blue economy in Wales is not limited to marine energy. There are many partners across many sectors who could potentially be interested in pulling together that strategy for developing our work there. And I'm wondering, firstly, how you work across Government, because, clearly, if we look at marine energy and things like marine transportation and fisheries, there are potentially three more Ministers who have an involvement in that. How do you work across Government to ensure that our work towards the blue economy is joined up and collaborative?

[85] **Jane Hutt:** I take the lead, obviously, as finance Minister responsible for accessing not just European structural funds, but the funds from directly-managed programmes. Clearly, I take the lead in the Cabinet and the Welsh Government in terms of ensuring that we have got a joined-up approach in terms of economic opportunities and prospects. Clearly, the Wales European Funding Office then works very clearly with the cross-departmental official base in terms of the planning and business cases coming forward. As we've said, looking back at the economic prioritisation framework—Grahame Guilford's work—that has actually helped to provide the steer for that cross-Government working, and certainly, taking forward the first tranche of backbone projects. But you're working in it, Rob, so you need to also say how you feel that that is brought together cross-governmentally.

[86] **Mr Halford:** I think, from a structural fund perspective, the emphasis is very clearly on marine energy, as we've discussed, and there's a reason for that, which is that the Commission were very intent on us specifying the outcomes that we were seeking to achieve. So, we are focusing on marine energy from a structural fund perspective, and WEFO officials engage regularly with officials from other departments, taking forward that agenda. The broader agenda—opportunities in the Irish sea, for example—are the subject of discussions in and around the Ireland-Wales programme, and again, colleagues within WEFO responsible for the European territorial co-operation programmes are engaging in that work with Irish colleagues and it's an ongoing discussion at this point.

[87] The Minister's mentioned the economic prioritisation framework, and I think that's important to touch on, because, of course, this dialogue is not constrained to Welsh Government; it's something that we have to have with wider partners. So, if one were to take, for example, the engagement that we have with the north Wales economic ambition board, which is an ongoing engagement, and the energy opportunities that exist in north Wales, then there's a process that's ongoing in looking at how we bring together investments and how we support investments that focus on the energy sector, both from an infrastructure perspective and from a training and skills perspective. One of the design principles of the new round of structural funds is that we do concentrate and integrate investments around these specific opportunities, and the challenge is to lever the potential in the outcomes in a direction that gives us greater added value than would otherwise be the case. So, all of that work is ongoing, both internal to Welsh Government, with other policy departments, and with external partners through the work of the city regions and the economic ambition board in north Wales.

[88] **Eluned Parrott:** Thank you for that. I didn't ask about the priorities in terms of spending European money by the Welsh Government in the marine economy; I asked about co-ordination of that broader strategy for the marine economy, taking into account the fact that it isn't just about European funds; that there are opportunities there that do not require them. There are opportunities there that cross several different portfolios, and I asked about the working of Government to make sure that those were properly aligned to make sure that we're not, by prioritising those areas of the marine economy for which we can get European funding, missing opportunities in other areas of the marine economy. I'm just wondering if you can give me some assurance on that point—that all of the Ministers who could potentially be driving this forward are doing so.

[89] We know, for example, that Ireland is really stealing a march on this area of economic development in terms of our European neighbours. They have a blue economy, a strategy and a target for the amount of GDP they want to generate for their economy out of the marine economy. They recognise that it's not just energy, but also transportation and agriculture and fisheries and aquaculture. There are lots of opportunities there and I just want that assurance that the Welsh Government are not thinking about this in terms of where the funding is coming from, but in terms of where the opportunities are coming from.

[90] **Jane Hutt:** I hope that I can assure you—. I think I've mentioned the Welsh national marine plan more than once today as a real opportunity for you to scrutinise the Minister for Natural Resources, because that is going to set up the Welsh Government's marine policies, which, of course, impact across departments. It will have a common evidence base and it will highlight potential opportunities for sustainable development, but also we've mentioned our links with Ireland through our European territorial co-operation action plan.

[91] I've met with Irish officials from their Sustainable Energy Authority of Ireland and the Marine Institute in Galway as well to discuss matters of marine issues of interest to Welsh Government. Some of that, obviously, is about our interests that we can collaborate on through projects and research, but also about learning from them and the way that they've approached this in terms of maximising the opportunities for the marine energy and the maritime economy as well. In fact, I'm meeting some officials next week from Brittany about a wider co-operation potential on marine energy and opportunities afforded by that. So, it's about learning from others and engaging with other regions and nations, but also ensuring that this is cross-governmental-led engagement, which I can share with colleagues. But the Minister for Natural Resources is obviously taking the lead.

[92] **Eluned Parrott:** I'm sure you'll be aware of Rhodri Glyn Thomas's opinion that he's pursuing through the Committee of the Regions at the moment, which has been adopted by the Commission and is now moving forward to hopefully be adopted by Plenary in the next few weeks, as I understand it.

[93] One of the recommendations that he suggests is a kind of formalisation of those informal networks that exist between places like Wales and Ireland and Wales and Brittany and to create a macro region for the Atlantic area so that we can have, as I say, a more strategic approach towards collaboration around marine projects, and particularly marine energy projects. Has there been any discussion of this within the Welsh Government, given that, as I say, it is only this week, perhaps, that it's going before Plenary, or I'm not sure if it's been delayed until October?

[94] **Jane Hutt:** I'm very aware of his work and the opinion and the opportunities that that should provide. I think the issue for us, in terms of macro-regional strategies, is that the UK doesn't have macro-regional strategies and it doesn't have plans for them. They are driven by groupings

of member states. So, for example, the Baltic sea and the Danube region, which the UK doesn't participate in. I think that if you look at the action plan for the EU maritime strategy in the Atlantic area, it actually falls back on the 2011 EU maritime strategy for the Atlantic, so that's looking at how you can drive forward the blue economy. But I think we need to look at the opportunities to translate that in terms of the opinion, and we are very involved in the Atlantic area transnational programme, and approval for that, I think, is expected by the end of this year.

[95] **William Graham:** Dafydd.

[96] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Gadeirydd. Gwell i mi ddatgan fy niddordeb fel canghellor a chadeirydd cyngor Prifysgol Bangor—sefydliad sydd wedi derbyn o gronfeydd Ewropeaidd ac yn disgwyl derbyn rhagor, ac sydd, yn ogystal, wedi derbyn benthyciad sylweddol yn ddiweddar oddi wrth y Banc Buddsoddi Ewropeaidd.

**Lord Elis-Thomas:** Thank you very much, Chair. I should perhaps declare an interest as chancellor and chair of Bangor University council—an institution that has received from European funds and is expecting further funds, and has also received a substantial loan from the European Investment Bank recently.

[97] Mae'r pwyllgor yma, fel y gwnaethoch gyfeirio, Weinidog, wedi gwneud cryn waith yn barod ar Horizon 2020, a beth y carwn i'w wneud, er ei bod yn gynnar, ydy ceisio asesu cyfranogiad Cymru, ac fe garwn i ofyn ychydig o gwestiynau ar hynny. A ydych chi'n credu bod nifer y cyfranogwyr o Gymru a'r cyllid sydd wedi'i sicrhau yn barod, yr €17.6 miliwn, fel y dywedsoch chi yn eich papur i ni, yn ddigonol i gwrdd â'ch disgwyliadau chi a ni fel pwyllgor ac, yn wir, pobl Cymru?

This committee, as you mentioned, Minister, has done a fair bit of work already on Horizon 2020 and what I would like to do, although it is early, is to try to assess Wales's contribution, and I'd like to ask some questions on that. Do you believe the number of Welsh participants in Horizon 2020 and the funding already secured, the €17.6 million, as you said in your paper, are adequate to meet your expectations, and the expectations of the committee and, indeed, the people of Wales?

[98] **Jane Hutt:** Diolch yn fawr. As you say, it is still early in the programme period to confirm those outcomes or statistics in terms of impact, but it's very competitive, as expected—more competitive than its predecessor, FP7. Of course, many areas are heavily oversubscribed, including some new



initiatives such as the small and medium-sized enterprise instrument. So, I think the performance is encouraging at this stage. The latest available data—that is, from 17 July—are, as we say, that 44 Welsh participants were selected for funding, involving EU funds of €17.6 million, which we feel is positive. One thing I was going to say earlier on, as a sort of addition to my written evidence, was the very welcome co-fund bid that was recently awarded the €9.4 million from Horizon 2020, and that was a significant achievement, and our chief scientific adviser, of course, Professor Julie Williams, is driving that hard. That's very much an achievement based on partnership as well. But I think with the ScoRE Cymru scheme, which is about helping the applicants move forward, we are making great strides with that to support SMEs particularly, to help them engage and support those organisations that are bidding and are successful.

[99] **Yr Arglwydd Elis-Thomas:** Oni fydddech chi'n cytuno ei bod yn bwysig i sefydliadau yng Nghymru barhau i gydweithio yn galed er mwyn sicrhau ein bod ni yn derbyn mwy na'r cyfartaledd Ewropeaidd y byddem ni'n ei ddisgwyl o'r cyllid yma, ac nid ydy'n ymddangos, ar hyn o bryd beth bynnag—er ei bod hi'n gynnar, fel yr ydych yn ei ddweud—ein bod ni hyd yn oed wedi cyrraedd y cyfartaledd Ewropeaidd?

**Lord Elis-Thomas:** Wouldn't you agree that it is important for institutions in Wales to continue to collaborate strongly in order to ensure that we secure more than the European average that we could expect from this funding, and that it doesn't appear, at present at least—although it is at an early stage, as you say—that we've even reached that European average figure?

[100] **Jane Hutt:** I think it's important that we look at the scoping study that was undertaken to see if we've got it right in terms of the approach, the partnership and development. As you are aware, we had a scoping study to look at the best way to support organisations, and that is about supporting co-ordination, not just with Welsh Government departments, the higher education sector, Innovate UK, Enterprise Europe Network; it's working with the Smart groups, like the life sciences hub and innovation point, and we've got a network of one-to-one support for businesses. So, I think, in terms of impacts so far, we feel that, you know, at this stage, we're making progress, but we clearly need to do more.

[101] Just one of the points I think it's important to make is that we've got £20 million of ERDF support, for example, for, as I've mentioned, the innovation and enterprise campus at Aberystwyth, which actually helps them

to start preparing for Horizon 2020 bids. They know they've got a responsibility, really; it's back to the synergy with structural funds, once you give them funding of that nature. But I don't know whether Geraint would like to say something.

[102] **Mr Green:** Just to build on what the Minister has said, there are a number of investments coming forward now in the capacity building in universities, and further investments are expected. The Swansea campus was mentioned earlier, and there are certainly pipeline bids that will build capacity there. Those are on the basis that they will achieve the ultimate result of attracting competitive research funding via Horizon 2020. As the Minister has also alluded to, there's a network of support for businesses now, and the First Minister announced on Monday the SMART Expertise and SMART Cymru projects and, together with Smart innovation, we've essentially put in place the three first steps of our stairway to excellence, which, alongside those capacity building investments and ScoRE Cymru and the other networks that are already in existence, means that we've got a long-term structure in place now to improve those statistics as the years go on.

11:00

[103] **Yr Arglwydd Elis-Thomas:** A **Lord Elis-Thomas:** May I just gaf i ofyn, i gloi'r cwestiynau yma, conclude this set of questions by am rôl uned Horizon 2020 a'i asking about the role of the Horizon heffeithiolrwydd? Rwy'n derbyn yr 2020 unit and its effectiveness? I hyn y mae Geraint newydd ddweud, accept Geraint's comments that it sef ei bod yn ymddangos bod does appear that progress is being cynnydd yn cael ei wneud fel y made, as was set out initially. But I gosodwyd yn y camau sydd wedi'u would like some assurances on the paratoi. Ond carwn gael sicrwydd role of the unit, because we were ynglŷn â rôl yr uned, oherwydd slightly concerned that the study on the role of the unit, which was roeddwn ychydig yn bryderus bod yr published in February this year, had astudiaeth ar rôl yr uned, a been published at that point, gyhoeddwyd ym mis Chwefror eleni, although Horizon was established a wedi'i chyhoeddi bryd hynny, er bod year earlier. We are a little concerned Horizon wedi'i sefydlu flwyddyn about the time frame in terms of the ynghynt. Rydym yn poeni am yr function of the unit and the activity amserlen ynglŷn â swyddogaeth yr of the unit. If you have anything to uned a gweithgarwch yr uned. Os add to that, I'd be grateful. Thank carech chi ychwanegu rhywbeth at you. hynny, buaswn yn ddiolchgar. Diolch

yn fawr.

[104] **Jane Hutt:** I think the Horizon 2020 scoping study is helpful in this respect, in that it did recognise the role, contribution and function of the Horizon 2020 unit. It also proposed a number of actions that we're actually taking forward, as well as aligning resources to ensure that it is having the greatest impact. I do think, on behalf of Geraint and his team in the unit, that it is new for WEFO to have a unit of this kind and it has to add value and it has to focus. I think focusing, in the way that the scoping study did, endorses the approach that we're taking. We had an event in February of this year laying out progress and taking stock, which was very well received. It is also important that it has that link, through WEFO, to the structural funds, which I think is very important. We've had to move from FP7 to Horizon 2020. It has been a big step. We have to ensure we've got the right support mechanism. I'd also say that Horizon 2020, on behalf of Geraint, is working very closely with UK Government where appropriate, with the Department for Business, Innovation and Skills, and also Innovate UK. Also, back to Wales House—it's very clearly engaged with the Welsh Higher Education Brussels office and the Enterprise Europe Network.

[105] **Lord Elis-Thomas:** I can assure you, Minister and Geraint, that we are not seeking to be critical at an early stage; we just want to encourage you to do even better.

[106] **Jane Hutt:** Thank you. We will.

[107] **William Graham:** On that note, Minister, thank you very much for your attendance with your officials today. That brings this session to a close. As usual, the transcript of the evidence will be produced. Thank you very much.

11:04

### **Sesiwn Ddiweddarau gyda Llysgenhadon Cyllid yr UE Update from the EU Funding Ambassadors**

[108] **William Graham:** Good morning and thank you for joining us. Can I ask you to give us your names and any title for the Record? Perhaps we'll start with you.

[109] **Dr Jones:** Hywel Ceri Jones.

[110] **Ms Richards:** Gaynor Richards.

[111] **Dr Guilford:** Grahame Guilford.

[112] **William Graham:** Thank you very much. I assume that you don't want to make any preamble before we begin—no. In that case, we'll go straight into questions. The first one is from Rhun.

[113] **Rhun ap Iorwerth:** Bore da i chi gyd. A allaf ofyn, ar bwynt cyffredinol iawn i ddechrau, ichi roi eglurhad o beth ydych yn meddwl yw eich rôl chi a phwy yn bennaf rydych yn ceisio eu dylanwadu—ceisio dylanwadau ar Lywodraeth i weithio'n well, neu geisio dylanwadu ar sefydliadau eraill, neu'r ffordd y mae Ewrop ei hun yn delio efo Cymru? **Rhun ap Iorwerth:** Good morning to you all. May I ask you, on a general point to start, to give an explanation of what your role is and who exactly you're trying to influence—are you trying to influence Government to work better, or trying to influence other organisations, or the way that Europe itself deals with Wales?

[114] **Dr Jones:** Diolch yn fawr am y cyfle i drafod y cwestiynau hyn i gyd gyda chi. **Dr Jones:** Thank you very much for the opportunity to discuss all of these issues with you.

[115] I think that, starting from the remit, which was a bit open-ended and perhaps a little restrictive—I could come back to that later—we've interpreted our mandate, working as a team, first of all, to get a grasp of the range of EU policies and related funding streams that have implications and potential for Wales in relation to Welsh domestic policy. That, by the way, from my count, is well over 20 EU funding arrangements. So, we've had a big learning curve, frankly—I mean, just to get a grasp of it and to be updated in our understanding of the relationship of where the Welsh strategy and policy are in relation to it. So, that hasn't been funny; that's been quite a challenge for us, because that's the starting point for us to understand the question that the Minister has addressed to us, which is to tease out the synergies between the EU funding streams and with the Welsh domestic funding streams or the interaction between policies—I prefer to talk about policies rather than funding because, fundamentally, most of the EU policies are about jobs and growth. If you look across the 20 or so, that's the common, consistent agenda with the Welsh domestic agenda. So, there's a great coincidence.

[116] So, that's been our starting point, and we've done that in the spirit as

well of trying to build our relationships with the different partners in Wales, emphasising each time the need for the partners to partner. So, we've been intensively involved in discussions with the Welsh Local Government Association, the four new European groupings of the WLGA; we've had successive meetings with the Wales Council for Voluntary Action and the third sector—successive meetings, but meetings jointly with them—and with the Federation of Small Businesses. This Friday, Grahame and I are meeting with the Confederation of British Industry, because we have a common concern about the degree and quality of engagement of the private sector.

[117] So, I think I'd say to you—but perhaps I don't want to go on too long in my response—that our key concern in mapping and getting our understanding right has been to ensure that we have the right relationship with the Welsh administration. So, we advocated as a first step—and the Minister backed us completely—the creation of a new interdepartmental group, which now exists. We've had one meeting; we have a second meeting coming up on 15 October. We broadened the net of who's involved from the different Government departments, and we're trying with them to get a picture of where they're at in relation to each specific policy funding stream, but trying to encourage co-operation between them. I think it's something we could return to in the discussion.

[118] **Rhun ap Iorwerth:** A chithau, **Rhun ap Iorwerth:** And you, Gaynor Richards?  
Richards?

[119] **Ms Richards:** I think it's about, actually, influencing anybody and everybody, really, and making those strategic connections. I have a particular focus on ensuring that we are able to engage the third sector, particularly with our other partners. Clearly, the third sector is at the heart of our communities and is very close, really, to some of those communities that are most marginalised and disadvantaged; it does have a particular ability to engage with some of those real complexities. So, for me, it's a challenge as well—in addition to everything that Hywel has said, it's actually how we can influence our partners, the strategic partners, to engage fully and take the opportunities to actually make best use of the opportunities for the third sector. It is quite difficult for the third sector and small organisations, actually, to engage with this great bureaucracy of European opportunities. So, we need partnerships to be welcoming and to be engaging with the opportunities to work with the third sector particularly.

[120] **Rhun ap Iorwerth:** Can I ask you to comment as well in general terms?

[121] **Dr Guilford:** Yes, I think one of the other key elements that we see as part of our remit is learning from what other successful regions in Europe do themselves and why they are successful in accessing the broad range of funds. I've had the opportunity to do that at some length myself over the last year. What you see is that they are very adept at linking their own basic capacities, skills base, understanding what they're good at, and what that then means in terms of how they might interact with European funding in order to benefit in their own regions. It is that issue of synergy that Hywel mentioned, really, that is the key to success. So, in terms of measuring what they achieve from European funding, it's not so much the quantity of funding, it's the quality of the funding and the relevance to their own economies. I think that's what we're going to be encouraging institutions in Wales to do—to learn from that good practice, much of which is based in Brussels. Brussels is clearly the key. You know, it's where all the most important networking and discussions and building of partnerships take place.

[122] **Rhun ap Iorwerth:** You've given us plenty that we'll return to later. I'd love to talk more about interdepartmental working and whether there has been a lack of that in the past, but I'll just finish with a very general question. From your experience already, in the few months that you've been in these ambassadorial roles, do you believe that these should now be seen as permanent roles, or is this just a period whereby the three of you just bring different strands together and there won't need to be ambassadors in the future?

[123] **Dr Jones:** Well, so far, we could claim, I think, that we are having a catalytic effect, but, you know, this is until 2020 or 2021. It's the long haul. I think the most important thing—and I'm speaking now personally, and maybe my colleagues agree with me—will be to embed this interdepartmental arrangement within the Welsh Government. It should have existed since 2000, but now it does exist. It needs to be developed. It's crucial to having the continuing capacity for co-ordinated delivery. I was trying to map out, in thinking about preparing for this meeting, what I would like to see the committee develop as increasing awareness across the board, fostering co-operation between the departments, helping the co-ordinated delivery—but, as Grahame says, with a proactive sense, not just bureaucrats, as it were, there. Because one of the things that we've done, I don't know if you've heard about it, to underpin the work of this network—it's called the network within the Welsh Government—is we've developed a grid, mapping

the programmes. We're trying to develop and take it a stage further in the 15 October meeting. That needs to be a continuing mechanism that will enable the Cabinet-level discussions to take account of the interplay of the European with the Welsh domestic strategy. So, I would say that I would put a great deal of importance on that. Whether you need three ambassadors in the way that we are is a different question. I think it's quite useful probably to have some independent capacity who, you know, are not owing anything to anybody. We are free agents to say what we think, and we are doing that.

[124] **William Graham:** Two supplementary questions, if I may. Jenny, and then Jeff.

[125] **Jenny Rathbone:** I've got one to Hywel. You had a meeting with the First Minister last week. What was his response to the need to embed interdepartmental arrangements within Government?

[126] **Dr Jones:** Well, the First Minister gave full backing to this idea of the interdepartmental machinery, and promised the Minister to back it. She's given us full backing and encouragement. We have all met with different Ministers, not across the board, but they've been promising.

11:15

[127] We've had a cascading series of meetings with senior officials, many of which have been very promising and rewarding, and we have seen already a willingness—perhaps a new willingness in some instances—to explore co-operation across departments with other colleagues. They're very seized now of the fact that some of these funding streams interact and you can play them together. You take the example—one that you are involved in personally—that ESF and Erasmus+ have got to be taken forward together. I am preaching it now, every day. All the stuff about vocational education and training and youth engagement in Erasmus+ has to be seen alongside and together with the potential of the ESF.

[128] **Jenny Rathbone:** Da iawn.                   **Jenny Rathbone:** Very good.

[129] I look forward to seeing your grid. Gaynor, I just wanted to pick up on the point you made about the challenges of engaging with the third sector. Last week, I was involved in the launch of Community Energy Wales and I was shocked that nobody put their hand up when I said, 'Have any of you bid for ERDF or RDP funding?—a blank sheet. And these were 40 or 50 people

engaged in trying to develop community energy schemes in their communities. So, I just wondered if you could sort of—

[130] **Ms Richards:** I think it is incredibly complex for third sector organisations. They need to be big organisations to take some of the financial risks, I think, to manage European funding. Retrospective payments and all those things are very real when you're fairly small organisations. That's why I think they have to have strong strategic partnerships, particularly, I suppose, with our local authority colleagues, but also other key players in the field. Probably, there are very few organisations that will actually be able to take forward European funding on their own—there are one or two—but I think what they need is to build those relationships with others.

[131] I think we have to be honest about the fact that, in the past, structural funds have been where the third sector has seen some access into European funding and what we're trying to do is say, 'There's a whole range of other funding sources' and that's been very positively received, I think. We have a job to do in actually making those connections between third sector and those other partners that can help them through this very bureaucratic and difficult process.

[132] **William Graham:** Jeff.

[133] **Jeff Cuthbert:** It follows on from the second question that Jenny has just asked of you, Gaynor. The third sector, clearly, have a very important role to play in Wales in helping the Welsh Government to deliver their key programmes and policies. But I understand the point you're making about capacity. Do you think, however, in terms of co-ordination, so that they can play a role in European-funded projects, that the WCVA is as effective as it can be, or whether there's more that the Welsh Government can do, and that could be at a more local county association level, not necessarily at a national level? And are there discussions under way to actually look at the way in which the third sector can enhance its role within the delivery of programmes?

[134] **Ms Richards:** Just on the first question, I suppose, about the effectiveness of WCVA, I think WCVA has been particularly supportive of trying to engage the third sector. Back in May, we had a conference organised by WCVA, in which Hywel and I were particularly involved, which actually did look at—. It was titled, 'Europe Matters to Wales', and that was



about actually looking at the opportunities to certainly reach those people in our communities who are furthest away from the labour market and the complexities that third sector can manage in dealing with some of those people mainstream programmes can't deal with. So, that was a start.

[135] There are a whole range of networks that WCVA facilitate: the anti-poverty network, the ESF task group that's looking at that. Actually, I was in north Wales yesterday and Hywel was in a meeting with third sector. So, I think there's a real appetite from the third sector. Once they are given clear information and understand the routeways into European funding, there's a real appetite for that. So, we are building, I suppose, that connectivity between third sector organisations and with our other partners, but I do think that there is a great role to be played by Welsh Government and certainly on a local level as well with our Assembly Members and with our other partners—local government being one of the key players, but also health and some of those others. And we would very much like, as well, to have a greater dialogue, which is what we are trying to do, with the private sector.

[136] **William Graham:** Though we're very anxious to hear from you, I'm conscious of time and—

[137] **Ms Richards:** Sorry.

[138] **William Graham:** No, no. We haven't got past question 1 yet, so, question 2—Mick.

[139] **Mick Antoniw:** You've certainly presented us with a whole number of doors that we'd like to open and to explore what you're doing. I'll just try and focus, because you talk very much about the importance of proactivity and also strategy, and you also talked about comparisons with what other countries are doing, which, again, are things that we tried to look at on this committee when we were doing our report. You also mentioned, importantly, the role of the private sector, which again was something that came up when we looked at it in terms of their presence in Brussels and their engagement with the processes. In terms of the role of the Wales office, in terms of its strategic role of pulling together all these key parts, what sort of views have you formed, if you have, in terms of the role it is playing and perhaps the role it could play, and also perhaps comparators with the role that some of the other smaller-nation offices actually play in doing this function within the European framework?

[140] **Dr Guilford:** I think, first of all, that the role of the Welsh office in Brussels is the critical role in this process. If we are going to be more successful and bring that higher quality of investment into Wales, then the office in Brussels has to play a very important role in that. It is very strategically placed; I mean, it is right where it should be, geographically. It has Welsh Government, it has Higher Education Wales, it has Welsh Local Government Association, so it has the right components. I think where we will be suggesting that we can help the work of the office is in the creation of the mechanism that Hywel has been talking about, because I think what we lack in Wales at the moment is a mechanism for prioritising the type of activity we want to undertake in Europe. Both Hywel and Gaynor have talked about the sheer complexity of European funding schemes, and that in itself is a deterrent to a lot of people—particularly the private sector, interestingly—getting involved, because it's perceived to be very difficult.

[141] So, we need to start, I think, at home, in simplifying, looking at where the key demand drivers are in the economy, how we can support those through synergistic interactions between the various funding schemes, how can we put the partnerships together that we need to bid for those funds, and then do the work. The Brussels office then becomes very important, because when you're building those Europe-wide partnerships that most of these funding schemes require, that is the place where everybody goes to do it. So, I think it's a twofold thing: we need to put the mechanism in place inside Wales, which is going to help us prioritise those areas we should be pursuing, put the right teams of people together in Wales, and then the office in Brussels becomes critical to delivery.

[142] **Mick Antoniw:** I know these are relatively early days, so maybe it's an unfair question, but some of the smaller countries appear to have quite sophisticated and quite clued-up strategic objectives with regard to funding and so on. Are there any models that you've seen with any other smaller countries that you think we can actually learn from?

[143] **Dr Guilford:** There are three—probably four—that I've looked at in reasonable detail: Scotland and Northern Ireland, in terms of the UK, and Flanders and Skåne, which is the south-western region of Sweden. We have quite strong links with Skåne and Flanders through life sciences, which I'm also involved in. But what you do see, exactly as you say, in all of those, is that the offices in Brussels are empowered in terms of the strategic objectives of their region. They have a clear idea of the networks that might

be useful to get involved in, and, with those that are less useful, they have a remit in terms of the way in which they get involved. So I think, going back to what I was saying a minute ago, that is where we can probably be helpful to the office in Wales—in giving that slightly clearer focus.

[144] **Dr Jones:** We're going, the three of us, for the whole of next week, to Brussels, and seeing a lot of the key officials in different areas that are linked to where we see some of the holes or some of the areas we need to think through and talk through. We will be spending quite a lot of time with the Scotland and Scotland Europa office, and the Northern Ireland office, to look at this comparative thing, because the quality—I mean, it's a historical thing in the years that I've followed this—of the office and the staff in Brussels is entirely dependent on the interrelationship with what is happening here. So, the interdepartmental mechanism is making it easier to see who is who, but, if you look across the range, the nature of that relationship is something that needs to be thought about. We haven't taken the final view yet on that, but it is something that we're conscious of and I think we need to explore a bit. This is the key to proactivity.

[145] **Mick Antoniw:** Okay. I think we're there.

[146] **William Graham:** I appreciate that. Thank you, Mick. Eluned.

[147] **Eluned Parrott:** Thank you. I wanted to talk about that engagement in a little bit more detail, if I may. I was interested, Gaynor, in what you were saying about how difficult it is for smaller organisations to engage with the bureaucracy, and that you've spent a period of time yourself learning how to navigate the bureaucracy before you can even begin to start telling other people how to do it, and, as Assembly Members, we all absolutely understand that from the committee work that we've done, trying to do similar things. But what kind of practical support do you think we can give to small businesses, given that, particularly, the structure of the economy in Wales is far more heavily reliant on small businesses than other parts of the UK, perhaps, and also to enable smaller third sector organisations? What kind of practical support are they going to need to be able to develop those partnerships, because partnership building requires an investment of time and some resource to ensure that it's a success?

[148] **Dr Jones:** We agree entirely with what you're saying. Unfortunately, we have tried over the last three months to get the Federation of Small Businesses involved in all these joint partnership meetings with the Welsh

Local Government Association, with the Wales Council for Voluntary Action and the third sector, but they're in transition, because Iestyn Davies has moved on and the appointment hasn't been made. So, there's been a problem there for us, which is not a fundamental problem, but it's a missed opportunity for the moment.

[149] We will be talking on Friday to the Confederation of British Industry, and we've been raising this question within Welsh Government, with officials, about the quality of the arrangements to engage the private sector and whether more investment is needed in terms of technical assistance. What is quite clear from the two Horizon conferences that I've attended, on Horizon only, where private-sector involvement is absolutely vital, is they need one-to-one, face-to-face discussion and explanation; they don't want big conferences and events giving them information that they can already read easily on the website. Time and effort is critical to them, as to whether they'll spend the time. So, we're into this question. It's early days for us, I think, but the question applies across the board to all these funding streams.

[150] Incidentally, I just wanted to mention, since we haven't touched on it, that the Juncker package is something that we are extremely interested in, because that has an impact and a cross-relationship with all the other policies and funding streams. There is undoubtedly scope there, if you look at the scope of the terms of reference for funding in the education field, in innovation, research, development, social infrastructure, and the other side of it, other than the hard infrastructure, there's a lot of scope across the board to be imaginative. So, we are looking at that as well as trying to think again about the role of the private sector—participation of the private sector.

[151] **Dr Guilford:** In terms of small businesses, I can give you one specific example in Horizon 2020, where, again, within life sciences, we're looking to learn from what some of the other life science clusters do. There's a very specific route-map that you seem to need to have to follow, which starts from identifying a particular funding core, where you might have some academic expertise. That will tell you what are the right sort of small companies that you need to bring in locally. Once you've done that, you can start looking at what are the companies and the academic institutions you might want to bring in from Europe, and then you've put a partnership together that has the necessary expertise to put the bid together. We will actually be running pilots of that process in life sciences, starting early next year. It is, as Hywel was saying, focusing around specific areas where you believe you have the expertise to be competitive.

11:30

[152] **Eluned Parrott:** Prior to being here, I was in a university, and I've had to put together exactly those kinds of partnerships to apply for funding, but it seems to be that the impetus for those partnerships is driven, as you say, by the funding call and the university identifying a funding opportunity and going out and looking for people it wants to work with, and that that engagement with the private sector and with the third sector is secondary to the drive to get funding for a particular purpose. And, in some ways, how we can change that dynamic a little bit? I'm not saying it doesn't work, because it does, and that's why we do it that way, but how can we enable the private sector and the third sector to feel in those kinds of partnership processes that, actually, they can be a mover and shaker and they can be in the driving seat in those partnerships, because sometimes I think they can feel like they're an add-on to tick a box?

[153] **Dr Guilford:** 'Add-on' would be the wrong word, but sometimes, in order to put in—I'm looking specifically at some of the personalised medicine calls which are out at the moment—you need to build a set of skills, and part of that is the academic skill and probably that's where the major bid writing is going to take place. And then you need to bring in the businesses that can provide some more commercial skills. Very often, particularly with small businesses, they really do need a lot of hand-holding in the early stages in order to get them in and to believe they can be successful, and so on. And that's where, I think, within the life science sector, because we know the businesses probably better than the universities do, we can provide, so that we can identify three or four businesses that are directly relevant to that funding call. That seems to be the process.

[154] And then, of course, once you've got that consortium together, even if the initial bid isn't successful, history shows that they tend to stay together and do other things, and then you've got partnerships that develop over the years.

[155] **Eluned Parrott:** It works well in those technical areas, but what about—. You know, there are opportunities surely for other areas of the economy for businesses that have identified problems and haven't even thought about potentially going to make a European funding bid for Horizon 2020, or to bid for a different kind of funding. And the question is: what specific actions can you take as ambassadors to change that dynamic a little bit, which I hope will

open up some of these 20-odd funding streams that we could potentially be working to, but currently only seem to be focusing on three or four?

[156] **Dr Jones:** We had what I thought were positive discussions last week within the Welsh Government with people such as the chief scientific officer, the research side, the development side, the innovation side and the skills and training side to try to see it as a continuum. And we've been discussing the idea of developing a second-stage conference. We're going to have one on the strategic importance of internationalisation of study and teaching, seen a bit through the eyes of Erasmus, on 11 November in Cardiff. And we are exploring now the idea of a similar event that will focus on the research side, engaging the private sector early in the new year. So, I think there are some signals of movement—I wouldn't say more—but there's certainly a shared concern about this developing.

[157] **Ms Rees:** We've also had some very initial discussions around the possibility of an EU funding policy summit. I don't know what kind of appetite for that there might be, which could provide information, really, about key opportunities and to facilitate some of that networking between Welsh organisations to form their foundational partnerships. And that would include all of the sectors then, and hopefully maybe that joins up some of the dots, I suppose, to form policy perspectives as well. So, I think there are lots of things we would like, but we do need support from people to actually move forward on some of those agendas.

[158] **Eluned Parrott:** Just one final point, if I may, Chair. This is crucial, isn't it—that there are three of you—and probably the most effective way for you to engage with the different organisations that could potentially benefit is through existing networks? However, not everyone is involved in the existing networks, and in order to be a success in reaching people who've not previously been engaged in these kinds of projects, you're probably going to need ambassadors of your own to go out and sell the message on your behalf. Clearly, outside of those pre-existing networks, what are you going to do to identify those individuals who can be ambassadors for you and spread the word?

[159] **Dr Guilford:** One of the things we've got to do is create case studies and good examples. Again, going back to SMEs, as Hywel was saying earlier, what I've seen is that there is not much value holding a fairly generic conference and saying to SMEs, 'There's gold in them thar hills in Brussels; get on the Eurostar and go and find it' because it simply won't happen;

they've got more than enough to do running their businesses. So, you've got to do a little bit of the legwork initially in terms of identifying areas that are directly relevant to them, and quite a bit of door knocking, which I see takes place in Europe, to get them interested in the first place. But then, once you've created that route map and that process, certainly our view is that in the priority sectors we will try and pilot this; as I say, in life sciences. And then, there's no reason why it shouldn't be equally applicable in a number of the other priority sectors. But I think you've got to get down to that level of operational detail that demonstrates it can actually work.

[160] **Eluned Parrott:** Thank you, Chair.

[161] **William Graham:** Oscar.

[162] **Mohammad Asghar:** Thank you very much, Chair. My question is directed to Gaynor because she is the ambassador for poverty, which is—. There are 10 of the poorest regions in the United Kingdom, and three are in my region of south-east Wales. You haven't made reference to specific programmes in that area. We just heard from the chair here that the skills and training, and all of the rest of it, is in Cardiff. My point is: have you made any progress on a programme for the south-east Wales area for tackling poverty with EU funding?

[163] **Ms Richards:** We've certainly had initial conversations—this isn't answering your question—with the Minister and Owen Evans, who's got that lead from Welsh Government, at ministerial level, on poverty. There is a network that has been established, certainly through the third sector, which is the anti-poverty network that I have been engaging with and that brings in a range of organisations. But we are also working at a more regional level, and this is work to be done; we have other jobs, I suppose, so we do need those other champions. So, we work with structures that are already there. We are looking at what that will mean across different regions. So, we will work with the local government engagement team to identify some of those. We will work with the skills partnerships where they are across the four regions; I think there are three or four skills partnerships. But we have a huge job to do, really, all of us, in tackling poverty in Wales, and it isn't down to a few of us; it's a co-ordinated effort. We have to work with the existing tackling poverty strategy and the child poverty strategy, but, also, we need to learn from what people are saying to us on a local level and we need to understand what poverty means right now, I suppose—the different faces and the changing faces of poverty.

[164] We've just come from a meeting with Dr Victoria Winckler from the Bevan Foundation, whose report came out earlier this year and are trying to have a real of understanding of that. But part of that is then understanding what we need to actually tackle some of these problems and how European funding and policies can change that. So, it's a huge job. I can say we're having conferences as well to look at tackling poverty, but we really do need to understand all of what is there and what is possible in managing the changing face of poverty.

[165] **Yr Arglwydd Elis-Thomas:** O'n safbwynt i, a'r cwestiynau roeddwn yn holi ynghynt ynglŷn â Horizon 2020—mae'n bosib ichi glywed y drafodaeth a oedd yn mynd ymlaen rhyngom ni a'r Gweinidog yn gynharach—

**Lord Elis-Thomas:** From my perspective, and the questions I was asking earlier on Horizon 2020—it's possible that you heard the discussion that was going on between ourselves and the Minister earlier—

[166] **Dr Jones:** Do.

**Dr Jones:** Yes.

[167] **Yr Arglwydd Elis-Thomas:** Wel, roeddwn yn ceisio peidio â bod yn rhy llawdrwm, ond yn bersonol rwy'n teimlo—ac rwyf wedi datgan fy niddordeb personol oherwydd y brifysgol—nad ydyn ni'n ddigon gweithredol, yn enwedig yn y modd y disgrifiwyd gan Grahame Guilford nawr, o ran gallu delio gydag achosion unigol, ac fel y dywedaist ti yn gynharach, o ran rhoi cymorth un wrth un i bobl i allu ffeindio'u ffordd drwy'r system. Nid wyf yn siŵr os ydym eto wedi deall y gwahaniaeth yn y ffordd mae'r Undeb Ewropeaidd yn dyrannu cyllid erbyn hyn o'i gymharu â'r hyn a oedd yn digwydd yn y fframwaith blaenorol. A fyddet ti'n cytuno â hynny?

**Lord Elis-Thomas:** Well, I was trying not to be too critical, but, personally, I feel—and I have already declared my personal interest because of the university—that we are not sufficiently proactive, particularly in the way described by Grahame Guilford now, in terms of being able to deal with individual cases, and as you said earlier, in providing one-to-one support for people to find their way through the system. I'm not sure if we've yet understood the difference in the way the European Union distributes funding now as compared to what happened in the previous framework. Would you agree with that?

[168] **Dr Jones:** Grahame, do you want to take it, because you've been



looking more at Horizon?

[169] **Dr Guilford:** In general terms, I would agree with what you're saying. It is a very complicated, but not necessarily a difficult process, Horizon 2020. There are certain steps that you can go through and there are people who can guide you through those steps. I think that it is true to say that, up until now, we have probably tried to do it too much at arm's length. It's very clear, from talking to, certainly, other life science clusters, that signposting functions and signposting activities are part of the picture, but they're only quite a small part of the picture and they have to be supplemented by the direct hand-holding, particularly in the early stages.

[170] We have to acknowledge that, in some of these areas, we are a bit behind the game. So, we will have to do a little bit more of that hand-holding and try and create some credibility that we can be successful. There's a perception in Wales that success rates in Horizon 2020 bids are extremely low and so perhaps we should do something else instead. We have to gradually try and change that, but it's not an overnight situation, unfortunately. It is not something that you can do and, all of a sudden, the money starts rolling in in six months' time. This is an 18-month or 24-month process. But if we do want to be successful, I think it's important that we follow the route maps that are being used by some of the other regions, collaborate with those regions and maybe join some bids as junior partners in the early stages and so on in order to generate some success and thereby some credibility.

[171] **Lord Elis-Thomas:** Thank you very much for that.

[172] **William Graham:** Keith.

[173] **Keith Davies:** Rwyf eisiau dilyn ymlaen o rywbeth yr oedd Grahame yn ei ddweud yn y fan yna, achos rwy'n credu bod arbenigedd yn bwysig. Mae cwpwl o bethau wedi dod o flaen y pwyllgor, roeddwn i'n teimlo. Er enghraifft, efallai bod WEFO wedi rhoi gormod o bwyslais ar gronfeydd strwythurol ac nid ar y pethau eraill. Ond wedyn pan rydym yn trafod y pethau eraill, fel Horizon **Keith Davies:** I want to follow on from something that Grahame said there, because I think that expertise is important. A couple of things have come before the committee, I think. For example, perhaps WEFO has placed too much emphasis on structural funds and not on the other things. But then, when we discuss other issues, such as Horizon 2020, as Grahame has mentioned now, you

2020, fel yr oedd Grahame yn ei ddweud yn awr, mae angen yr arbenigedd. Rydym wedi cael enghreifftiau yn y pwyllgor, fel Erasmus. Aethom ni lan i Brifysgol Caerdydd, lle mae arbenigedd a lle mae person sydd yn gweithio'n galed ac yn arwain y ffordd. Gobeithio y bydd y colegau eraill yn gallu manteisio ar yr arbenigedd hwnnw sydd yng Nghaerdydd.

[174] Clywsom rywun fan hyn a oedd yn gyfarwyddwr ar *Y Gwyll*, ac rwy'n ei gofio'n dweud wrthym eu bod wedi cael £0.5 miliwn i wneud y rhaglen honno gan ryw gronfa diwydiannau creadigol yn Ewrop, ond dywedodd wrthym fel pwyllgor bod rhywun yng Nghymru â'r arbenigedd. Buon nhw, fel cwmni, yn gweithio gyda'r person hyn am bron i dri mis cyn iddyn nhw roi'r cais i mewn.

[175] Rydych yn sôn yn awr eich bod yn mynd i gwrdd â phobl o'r Alban ac Iwerddon, ond a oes mwy o bobl gyda'r arbenigedd yn y meysydd nad ydym efallai yn cwrso yng Nghymru, neu'n cwrso digon? I fi, efallai ein bod ni eisiau edrych ar bwy sydd gyda ni mas ym Mrwsel a'n bod eisiau cael y bobl a'r arbenigedd hwnnw i arwain y ffordd ar gyfer y cwmnïau a'r colegau yng Nghymru.

[176] **Dr Jones:** There are many dimensions to that observation and we share that concern. The first answer I'd give is that I think, at this stage, we do sense the need to strengthen the office in Brussels with greater capacity. There is one outstanding person in that office. There may be other good

need the expertise. We have had examples in the committee, such as Erasmus. We went up to Cardiff University, where there is expertise and where there's a person who is working hard and is leading the way. Hopefully, other colleges could take advantage of the expertise in Cardiff.

We heard from someone here who was a director for *Hinterland*, and I remember him telling us that they received £0.5 million to produce that programme from some creative industries fund in Europe, but he told us as a committee that somebody in Wales had the expertise. As a company, they worked with this person for about three months before they presented that application.

You mention now that you go to meet people from Ireland and Scotland, but are there more people with expertise in those areas that we are perhaps not chasing in Wales, or are not chasing enough? For me, perhaps we need to look at who we have out in Brussels and that we need people with the expertise to lead the way for those companies and colleges in Wales.

people there, but there is one outstanding person, who is, almost single-handedly, trying to network and cover a range of the funding streams out there. I would say already that that needs strong reinforcement. And, to go back to the theme that Grahame touched on earlier, they need to be empowered: empowered not just to be information people feeding things back, but empowered—and I would underline it twice—to begin to do deals and to network and to carry the relationship, because it's all about friendship-building, fundamentally, around the corridors—you've got to build the relationships. The relationships will yield mutual trust and with mutual trust, you can do any business. So, it's so crucial there.

11:45

[177] I think that, with Erasmus, one of the reasons why Erasmus has been successful historically in relation to universities is that we included in it reconnoitring grants so that academic staff could go abroad and seek partners. You don't know where partners are—partners don't grow on trees. You've got to find where they are, you've got to locate them, you've got to build a relationship, and it's a relationship over time. So, we have been discussing, quite frankly, the relationship of WEFO—. WEFO is only dealing with a limited number of this whole span; the rest is within Welsh Government. So, the articulation of that relationship is at least a question that we have to look at. I mean, they know the ball game in relation to the ESF and the ERDF; you've got the programme monitoring committee and its function, but maybe there's a time now to look as well at the way the other streams interact, looking at it from the programme monitoring committee point of view, as well as looking at it from inside Welsh Government. But it's the span. I come back to this interdepartmental mechanism. It's absolutely crucial that it develops with strong support from the whole of the Assembly, and that it's visible to the outside world. The WLGA and the WCVA have told us how much they have welcomed the grid, which they've seen. They now know who's who and what's what in relation to who to talk to, but that means we've got to get the communications side. You've got, I think, in the programme monitoring committee, an inquiry into the quality of communications, but that now is a question across the board of all the funding streams, and that's one of the most challenging things, to work through how best to do that. And it may well be in the coming period, you know, with the EU referendum and other things on the horizon—

[178] **Yr Arglwydd Elis-Thomas:** Duw **Lord Elis-Thomas:** Lord help us.  
a'n gwaredo.

[179] **Dr Jones:**—that will need some focal point within the Welsh Government, particularly because, if some of the staff in Wales House in Brussels have to link with 20 different departments to find out this and that, there needs to be some streamlining to get a focus and to get this empowerment to act and seek partners out there.

[180] **William Graham:** I've got two supplementary questions, from Rhun and then from Mick

[181] **Rhun ap Iorwerth:** Just briefly, do you also see it as your role, then, to try to persuade Government to set its sights higher, to be more ambitious in what it aims to achieve? We're looking at Horizon 2020, where Ireland, I think, have drawn down something like seven or eight times what Wales has drawn down and is setting a £1.25 billion Horizon 2020 drawdown target. We haven't got the kind of thing in Wales.

[182] **Dr Jones:** Well, I think we've got to be very modest about what we can do, frankly, with the way our role is developing, but I think it would be silly not to think that we absolutely must be more ambitious. We've got to have our eyes on 2020–21 and the possibility that some of the EU funding streams will not be available to us, whether, as I hope, EU membership continues or not—well, 'or not' would be another ball game, and a terrible ball game. I don't want to think about it. But, no, we've got to be more ambitious, and we've got, in certain areas, to scale up the ambition. That's why the joined-up approach is important and, if I can just say this, I think that the role of the universities in an all-Wales perspective as hubs for critical mass development is absolutely crucial. So, this is one of the things that Grahame and I in particular are looking at. There are some good examples, but we need an all-Wales perspective.

[183] **William Graham:** Thank you. Mick.

[184] **Mick Antoniw:** It's just following on the empowerment point. Certain regions of England and certain other smaller countries seem to have a presence in Brussels that is dynamic. They are there; they know how to network and engage, and it's not a matter of skills. Do you think it's basically that the style of the office hasn't yet properly adapted to how European politics and European engagement actually operate, and it's raising it to that level that's the sort of thing—? And do you see any particular countries that you think are particularly good at this that might be an example to us?

[185] **Dr Guilford:** Yes, I think, clearly, the offices of the successful regions are seen as, exactly as you say, dynamic. They get involved in the right things, they get talked about, and so on. It's very interesting that the same names keep coming up when you're in Brussels. The four I mentioned earlier—Emilia-Romagna, Galicia, Catalonia—those are the names that come up time and again. I think it is a combination of empowerment, because they have a clear brief from their home regions of the areas that are important, economically and socially, to those regions. That gives them a steer on which activities they should be getting involved in, because there's hundreds of networks and hundreds of events and so on going on in Brussels every day. So, you've got to have a clear idea of which ones to go to and which ones not to go to. Once you've got that, then—picking up your point—that then defines the expertise that you need to put in place in order to be successful.

[186] Again, what these regions do—it's a mix of the expertise they already have, that's their starting point. But, once they know the priority areas, that gives them the gaps that they need to then fill. So, it's that sort of process and focusing on a small number of priority areas, because no matter how big you are or how wealthy you are, you can't do everything. Clearly, Wales is neither of those things. So, we have got to focus on the areas where we can be successful.

[187] Going back to Rhun's point, this is where the ambition comes in. Clearly, we should be more ambitious, but we can't be ambitious across the board. You've already talked earlier on with the Minister about some of the things that this country has going for it in terms of energy, major infrastructure projects like the metro and some of the things happening in the universities. We've got to be brave enough, I think, to select the half dozen of those where we can be successful and then build the supply chains, the skills base and the academic research around those. Straight away, that's your prioritisation process. Whether it's us as funding ambassadors now, that's probably what we will be recommending that we try and put in place in the future: that process that has the ability to prioritise, which then leads to the empowerment and then leads to the ability for the Brussels office to operate more effectively.

[188] **William Graham:** Thank you. Jeff.

[189] **Jeff Cuthbert:** Thank you. I think, to a large degree, the questions that I had have been answered, so I'll vary it a little bit. The first one is: do you

think there is any need to revise the Welsh Government's current EU strategy, or is it still fundamentally appropriate? Can I then ask you—? We mentioned earlier the tackling poverty agenda and problems for that. I think it still is the case that 20 or 25 per cent of ESF funds must be aimed at tackling poverty. So, it is a recognised priority. But, for me, the best way out of poverty, of course, is through employment, sustainable employment.

[190] You mentioned the major infrastructure projects that we have, especially through the Juncker plan—the metro, energy island, and, indeed, marine engineering—all of which we're very supportive of and want to see come to fruition. Do you feel that, for the partnership that has to be there, and you've mentioned with HE, FE and, indeed, private industry—and you're meeting the CBI next week, I think you said—that there is a recognition that these are opportunities that have to be developed within Wales, that there is a willingness to participate together to make the best use—because this may be our last round, come what may—of EU funding, that that willingness is there and there is a desire to go forward, and, finally, that there is a good enough relationship between ESF, in terms of providing skills that can align to those major infrastructure projects, so that, from all sides, we get the best bang for our buck?

[191] **Dr Guilford:** Again, I come back to this point of focus. What we've perhaps tended to do, I think, in Wales is to take, and you could take any one of those examples—. We put a group of people in a room and say, 'There's a major economic opportunity here. Wouldn't it be a nice idea if we all worked together to make it happen?' But that probably isn't detailed enough. Everyone goes away thinking, 'Yes, it would be a good idea', but then you don't know what to do next.

[192] So, I think we probably have to—. We can learn a lot, say, from how regions like Manchester approach this, where they look at what are the major infrastructure elements, for example, that that region needs, what that requires in terms of planning consents, what it requires in terms of investment, what it requires in terms of the partners, and where European funding can play a role. And so you start to have some sort of initial route-map that people can then coagulate around, and that's probably the next step that we need this to take, I think, around some of these major opportunities that we've been talking about, particularly in terms of engaging private sector private investment. What does it actually mean in terms of the partners that are needed and what they need to bring to the table? Again, I think the prioritisation mechanism that we were talking about

earlier on could be a way of starting that discussion and starting that process.

[193] **Jeff Cuthbert:** Thank you. You mentioned the possibility of an EU funding summit earlier on, and, clearly, I think that would be a good idea, especially in terms of helping to highlight the actual value of the UK's membership of the EU as far as Wales is concerned—the opportunities that are being presented.

[194] **Dr Jones:** I think what we've been trying to encourage progressively is for the different Ministers, in giving their different speeches over the coming period—particularly where it's focusing on the strategy of the particular sector or area under examination—to develop a narrative that demonstrates explicitly the ways in which there is this interaction between domestic Welsh policy and EU policy and the relevance and the coherence of the funding arrangements. I'll give you an example. I've had discussions with Ken Skates over the cultural area. Historically, it's quite clear the concentration within the Welsh Government has been on Creative Europe—one programme—but you can look now across the board of the funding streams and the possibilities of support for the cultural sector and creative industries appear in many places, and I am pleased to tell you that, as a result of some of the discussions we've been having, there will be an event at Galeri in November that will highlight the availability of different funding streams for the cultural sector, to be followed up, I hope, with the Minister in the new year.

[195] But I take that only as an example, and I'd take another example that I think is absolutely critical—it cuts across skills and the anti-poverty agenda—which is the post-16 youth strategy. I've been involved, actively now here, in discussions about the need for the narrative from the Minister to demonstrate what the new strategy is, what the new tracks will be, what the relative weight of funding is from Wales and Europe on each track—for instance, the apprenticeship track versus the entrepreneurship track; the tracks that are in the pipeline here that aren't yet Government policy. Unless the public gets an understanding of where the strategy is going, where the weight of European investment is helpful at providing added value—. That's the way to win the argument on the theme 'Europe Matters to Wales'. That's the answer to you, I think. I'm advocating, anyway, the development of such a narrative across Government departments, and I think that there is no doubt in my mind that the First Minister and the Minister for finance are fully aware of that.

[196] **Jeff Cuthbert:** Thank you.

[197] **William Graham:** When we were in Brussels earlier in the year, Commission officials gave us quite a good overview of many things. One of them was that there was an appetite for reform in many of the member states. So, how has the reform agenda—perhaps it's too early, but please tell us if so—affected your work and perhaps the way you think your work will develop?

[198] **Dr Jones:** The reform agenda in relation to the demands of the UK Government in Brussels?

[199] **William Graham:** Indeed.

12:00

[200] **Dr Jones:** I think the first point is that there's uncertainty about what the breadth of that agenda is. The second point I'd make is that I would like to see the First Minister of Wales, and the First Ministers from Scotland and from Northern Ireland, engaged in discussions with the Prime Minister so that there's a shared understanding from the outset of what is going to be negotiated, because, in my view, the Prime Minister should be under no illusion about the fact that some of the areas that might be on the Conservative agenda may not be on everybody else's agenda as desirable.

[201] **William Graham:** I am making a note, you understand. [*Laughter.*]

[202] **Dr Jones:** Pardon?

[203] **William Graham:** I am making a note.

[204] **Dr Jones:** Sorry. So, I think that's important. What I would like to see, particularly here in Wales, is preparation for a well-informed, mature discussion of the implications of staying as a member or not. It's striking, I think, that, if you look around other countries, and you look at England or Scotland, there is need for much more policy analysis and research in Wales. There's a paucity of think-tank capacity in this area, and I would like to express some quite deep concern about that.

[205] **William Graham:** It's always a privilege, as Chair, to be able to thank our witnesses for the evidence they've given. Today, I'm going to go a little



bit further. The committee has taken a great deal of evidence over this session, and given various recommendations, one of which was, of course, to appoint, really, the role that you're now doing. So, we feel very much inclined towards you. The answers that you've given us demonstrate, I think, that we were right in what we suggested, and that the Welsh Government were right in accepting that recommendation. We wanted one champion and we have three, which is bound to be good, but much, again, as I've said, that you've demonstrated to us in the way that you've approached your work, replicates a great deal of the evidence that we received, and we wish you great success in all you hope to achieve over the next 20 weeks. We hope we hear from you again. Thank you very much for your attendance today.

[206] **Dr Jones:** Diolch yn fawr i chi i **Dr Jones:** Thank you all very much.  
gyd.

12:02

### **Papurau i'w Nodi Papers to Note**

[207] **William Graham:** Can I just ask you to look at item 4, please, which is papers to note? Do we accept those? Thank you very much.

### **Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill y Cyfarfod Motion Under Standing Order 17.42 to Resolve to Exclude the Public from the Remainder of the Meeting**

*Cynnig:*

*Motion:*

*bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in 17.42(vi).*

*accordance with Standing Order 17.42(vi).*

*Cynigiwyd y cynnig.*

*Motion moved.*

[208] **William Graham:** In accordance with Standing Order 17.42, I propose that the committee resolves to meet in private for the remainder of this

meeting. I hear your acceptance. Thank you very much. So, we are now in private session.

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 12:03.*

*The public part of the meeting ended at 12:03.*