

## **Dogfennau Ategol – Y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol**

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Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Ystafell Bwyllgora 2 – y Senedd	Alun Davidson
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### **– Gwydnwch a pharodrwydd: ymateb gweinyddol ac ariannol Llywodraeth Cymru i Brexit**

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Noder bod y dogfennau a ganlyn yn ychwanegol i'r dogfennau a gyhoeddwyd yn y prif becyn Agenda ac Adroddiadau ar gyfer y cyfarfod hwn

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#### **6 Gwydnwch a pharodrwydd: ymateb gweinyddol ac ariannol Llywodraeth Cymru i Brexit – trafod y dystiolaeth**

(15.00–15.15)

(Tudalennau 1 – 112)

##### **Dogfennau atodol:**

- RPB01 Cydffederasiwn GIG Cymru (Saesneg yn unig)
- RPB02 Canolfan Cydweithredol Cymru (Saesneg yn unig)
- RPB03 FSB Cymru (Saesneg yn unig)
- RPB04 Cyngor Sir Penfro
- RPB05 Prifysgolion Cymru (Saesneg yn unig)
- RPB06 Comisiynydd y Gymraeg
- RPB07 Cytûn: Eglwysi Ynghyd yng Nghymru
- RPB08 Academi Colegau Meddygol Brenhinol Cymru (Saesneg yn unig)
- RPB09 Ymddiriedolaeth Genedlaethol (Saesneg yn unig)
- RPB10 Cyngor Gweithredu Gwirfoddol Cymru
- RPB11 Gymdeithas Llywodraeth Leol Cymru
- RPB12 Gyngor Bwrdeistref Sirol Caerffili (Saesneg yn unig)
- RPB13 Undeb Amaethwyr Cymru (Saesneg yn unig)



## Introduction

1. The Welsh NHS Confederation, which represents the seven Health Boards and three NHS Trusts in Wales, welcomes the opportunity to provide information to the External Affairs and Additional Legislation Committee inquiry into resilience and preparedness: The Welsh Government's administrative and financial response to Brexit.
2. The implications of Brexit remain unclear, but it is likely that the impact will be felt across the NHS. More specifically, Brexit could have implications for the commissioning, provision and development of healthcare interventions across the UK given the extent to which EU policy and legislation impact on all aspects of the NHS.
3. The Welsh NHS Confederation, on behalf of our members, is highlighting the possible implications of Brexit on NHS Wales with the Welsh Government, Assembly Members and our stakeholders. In addition, as a member of the Cavendish Coalition and the Brexit Health Alliance, we are ensuring that the impact for Wales is made clear at a UK level by highlighting the likely effects on Welsh policy and legislation.

## Summary

4. The Brexit negotiations have only recently started so it is difficult to be specific on the measures which should be put in place to mitigate risks and to take advantage of opportunities. That said, the implications of a UK withdrawal from the EU are anticipated to affect all parts of the health care system.

- a. Many aspects of UK health and social care services have been influenced by European Union policies and legislation. Depending on the settlement, the UK's exit from the EU could have a profound impact on the UK economy and the delivery of public services.
- b. From a NHS perspective, possible implications on workforce, research and innovation, and health technology regulation are priority issues which must be considered carefully during the withdrawal negotiations. Another key area is infrastructure, including the road network, because this can impact on ambulance response times and the transportation of vital medicines across borders.
- c. On workforce, while the UK Government has now given some reassurance that EU nationals can remain in the UK post-Brexit, our priority will be to ensure a continuing 'pipeline' of staff for the sector, including recognising health and social care as a priority sector for overseas recruitment. We continue to ask the UK Government to provide clarification that EU professionals who are already working for the NHS across the UK, or who will be recruited during the leave negotiations, will be allowed to remain after Brexit.
- d. On research and innovation, our aim is that NHS organisations across the UK will be able to continue to participate in EU collaborative programmes and lead and contribute positively to European Reference Networks post-Brexit.
- e. On health technology regulation, our priority is that NHS patients will continue to benefit from early access to the wide range of innovative health technologies available on the EU market and ensure that they do not miss out on the opportunities offered by participation in EU clinical trials.
- f. Alongside these priorities, we have identified public health, employment law and crossborder healthcare as other areas in which risks or opportunities emerging from Brexit should also be considered.

## Welsh Government

5. With negotiations ongoing, we appreciate the difficulties that the Welsh Government faces. Across devolved areas that the Welsh Government has legislative competence, the Brexit negotiations could have a significant impact on thousands of policies, regulations, directives and legislation, including areas relating to health and care. The NHS in Wales continues to liaise with the Welsh Government to raise awareness and provide feedback on the key areas highlighted below.
6. In relation to structured engagement with the NHS, there is a standing verbal item on the Welsh Partnership Forum<sup>i</sup> relating to Brexit. This is a quarterly opportunity for colleagues to share information and raise issues relating to Brexit.

## Budget

7. The annual funding of the NHS depends on the performance of the economy. It is a concern therefore that leading economists have suggested that Brexit could lead to an economic downturn. The Health Foundation has previously estimated that the NHS budget in England could be £2.8 billion lower than currently planned by 2019–20.<sup>ii</sup> In the longer term, the analysis concludes that the NHS funding shortfall could be at least £19 billion by 2030–31 – equivalent to £365 million a week – assuming the UK is able to join the European Economic Area. If this is not the case, the shortfall will potentially be as high as £28 billion – which is £540 million a week. The repercussions will be felt by NHS Wales.

## Workforce

8. Across the UK, the NHS is heavily reliant on EU workers. While the UK Government has given some reassurance that EU nationals can remain in the UK, we believe the priority must be to ensure that the UK can continue to recruit and retain much needed health and social care staff from the EU and beyond, whilst increasing the domestic supply.
9. In July 2017, 1,388 individuals directly employed by the NHS in Wales identified themselves as EU Nationals (1.55% of the total) on the Electronic staff record. As the table below shows there has been a 6% increase in the number of employees identifying as EU nationals since July 2016, but it is not it is too soon to tell if this represents an identifiable trend. It is also important to note that around 35,000 staff have not recorded any nationality on the staff record.

Number of directly employed staff identifying as EU National	September 2016	% of total directly employed workforce	July 2017	% of total directly employed workforce
Add Prof Scientific and Technic	49	1.65%	54	1.77%
Additional Clinical Services	162	0.91%	189	1.04%
Administrative and Clerical	95	0.54%	95	0.51%
Allied Health Professionals	110	1.80%	120	1.96%
Estates and Ancillary	104	1.21%	112	1.30%
Healthcare Scientists	31	1.52%	30	1.47%
Medical and Dental	410	5.84%	435	5.99%
Nursing and Midwifery Registered	352	1.38%	353	1.38%
<b>NHS Wales</b>	<b>1,313</b>	<b>1.50%</b>	<b>1,388</b>	<b>1.55%</b>

10. While the number EU citizens within the whole Welsh NHS workforce are relatively small, there are some key points to note:
- a. The highest concentration of EU staff appears to be in medical and dental workforce accounting for around 6%;
  - b. There is a differential distribution of staff across Wales with higher concentration of EU nationals working in health boards with the greatest recruitment challenges (i.e. Hywel Dda University Health Board and Betsi Cadwaladr University Health Board);
  - c. The current uncertainty around the EU negotiations may lead to staff looking for opportunities outside the UK and for potential applicants to be deterred from applying;
  - d. Incidents of harassment of foreign workers and cases of EU nationals feeling that they are no longer welcome in the UK may have an impact on EU/EEA workers' willingness to remain in the UK, even if permanent freedom to remain is granted. One of the present impacts of the EU Referendum has been the sharp rise in cases of 'hate incidents' and intolerance towards foreign citizens, some of which have been directed against NHS employees. A number of Health Boards in Wales have expressed their views publicly about supporting their workforce and that hate crime will not be tolerated.
11. While we welcome the recent announcement that more healthcare professionals will be trained domestically, workforce planning is not an exact science and it is extremely difficult to predict accurately the number of professionals that will be needed in the future to ensure the smooth and safe operation of the health and care system. Shortages in specific areas can take 2–3 years to develop, but may need 10–15 years for the trained workforce to adapt, by which time other solutions have usually been found and different workforce shortages may have emerged. In addition, many healthcare systems across the world compete for healthcare specialists and the UK is not immune from home grown professionals leaving the NHS to work overseas. It is to be expected, therefore, that our sector will need to continue to recruit overseas trained professionals,

including from within the European single market, to operate smoothly and to offer safe and high-quality services to patients in the future.

12. We are disappointed that the UK Government has stated that it is their position to leave the EU single market and custom union without setting out future immigration rules. The freedom of movement provisions of the EU single market makes it possible for healthcare professionals qualified in other parts of the EEA to access the UK employment market without having to obtain visas and work permits, unlike citizens from non-EU countries. This makes it quicker and easier for the NHS to recruit staff from the EU, especially into shortage areas and specialties. The UK benefits enormously from the single market in this respect, as we are a net importer of healthcare professionals qualified in other parts of the EU.
13. In addition, the EU legislation on mutual recognition of qualifications means that currently many EU healthcare professionals are “fast-tracked” for registration with the General Medical Council, the Nursing Midwifery Council or other relevant regulatory bodies. EU rules mean that the process for professional registration and the right to practise legally in the UK is different to nonEEA trained practitioners; for example, it does not systematically require pre-registration competency and language testing by the regulator. These arrangements are reciprocal so that UK-qualified practitioners can also practise relatively easily elsewhere in the EU, although the outbound flow is less.
14. Our priority in NHS Wales will be to ensure a continuing ‘pipeline’ of staff for the sector. The immigration system that is in place after the UK leaves the EU will need to ensure that, alongside our domestic workforce strategy, it supports the ability of our sector to provide the best care to our communities and people who use our services.
15. A total exit from the single market, as put forward by the UK Government, will leave the UK completely free to determine its own policies on immigration, with possibly much greater implications for the UK NHS. Under this scenario, it

would be crucial to ensure that any future UK immigration rules recognise health and social care as a priority sector for overseas recruitment, from both within and outside the EU.

## Employment law

16. A substantial proportion of UK employment law originates from the EU and provides important protections for nurses, social care and health staff; in particular, rules on health and safety at work, information and consultation on collective redundancies and safeguarding employment rights in the event of transfers of undertakings (TUPE).
17. The UK Government has already stated its intention to protect workers' rights after Brexit and, as the largest employer in the country, we very much welcome this. The EU's key health and safety related directives provide a legal framework for employers to reduce the risks of stress, violence, musculoskeletal disorders (MSDs), biological hazards, stress and violence to health and social care staff. MSDs and stress are particularly prevalent in the nursing workforce and the main cause of sickness absence in the sector and, arguably, without the directives the situation would be worse. The implementation of hoists and other lifting equipment, as required by the Manual Handling Directive, has been proven to significantly reduce the risks for social care and health staff and the people they care for.<sup>iiiiv</sup>

## Research and innovation

18. Clinical research and innovation are key components of NHS activity across the UK and the NHS has a long tradition of EU collaborative research. Subsequent EU Research and Innovation funding programmes have acted as catalysts for this collaborative work, filling gaps in the research pipeline, and allowing researchers across Europe to gather forces to find responses to common



challenges, both at clinical and operational levels, that confront health systems in Europe.

19. European programmes have, for example, supported research into health economics and the resilience of healthcare systems, for the public good. At the bottom line, the NHS across the UK wants to access research which brings affordable innovation and, most importantly, benefits to NHS patients. This is not possible, at least to the same extent, through participation in collaborative research with other regions of the world, such as the USA, where commercial interests are often the key driver of research.
20. EU research grants have also been crucial for the Welsh NHS' ability to attract and retain some of the most renowned clinicians in the world, who often decide to work for the NHS due to its excellent reputation in leading EU collaborative medical research initiatives, including through the EU research programme Horizon 2020.
21. Collaboration at EU level has helped the NHS across the UK to develop new treatments, adopt innovation more quickly, and improve the quality of healthcare it provides. We would like to ensure that the NHS can continue to participate in EU collaborative research programmes post Brexit. It is important that Brexit does not impact on cross-European partnerships, exchange of good practice and mutual training opportunities, for example staff or student exchange, sharing and learning from best practices and successful policies.

## Regulation of health technologies

22. The integrated nature of supply chains for medicines across Europe and the shared regulatory framework, mean that Brexit may have a negative impact on the supply, regulation and safety monitoring of medicines for patients in all EU 27 countries. Continued co-operation and alignment between the EU and the

UK on the regulation of medicines is the best outcome for patients across Europe.

23. The EU has competence to regulate health technologies, such as pharmaceuticals and medical devices, but also products of human origin such as blood, tissues and cells. This is because these products circulate in the EU single market and therefore a set of common standards and rules are needed to ensure their safety and quality.
24. The pharmaceutical industry is one of the EU's most important and fastest-growing industries, investing an estimated €35 billion in Research and Development (R&D) in Europe and directly employing around 745,000 people<sup>v</sup>. The UK is a key player in European pharmaceuticals, constituting 10% of the EU's total production and contributing approximately 20% of the EU's total R&D. Between January and October 2016, €11 billion of EU pharmaceutical imports originated from the UK providing medicines to patients across Europe while EU pharmaceutical exports to the UK totalled €17 billion. In Wales, the life sciences sector employs around 11,000 people<sup>vi</sup> based at more than 350 companies and has a turnover of circa £2 billion per year. These include companies in the ground-breaking fields of medical technology – biopharmaceuticals, regenerative medicine, diagnostics, e-health and biotechnology. Recognising this inherent strength and potential, the Welsh Government has established initiatives such as the Life Sciences Hub<sup>vii</sup> and Life Sciences Research Network Wales<sup>viii</sup> to ensure ongoing development of the sector in Wales, which is expected to deliver significant (over £1 billion) economic impact by 2022.
25. Having a single EU regulatory framework has allowed new health technologies to be brought more quickly to the market for the benefit of patients. For example, pharmaceutical companies can make new medicines available everywhere in the EU through the single centralised marketing authorisation procedure provided by the European Medicine Agency, instead of having to apply for authorisation in each individual member state. Maintaining access to

this centralised authorisation procedure is the main priority for the UK pharmaceutical/life sciences industry.

26. A single EU system has also allowed a higher level of patient safety and public health protection to be achieved through a close-knit network of competent authorities in member states and the European Medicines Agency, collaborating, exchanging information, and bringing their expertise to the table in a way that adds value, whilst avoiding duplication of effort.
27. The EU regulatory framework spans the full process needed to bring new health technologies to the market, starting from the clinical research phase. It is for this reason that the authorisation and conduct of clinical trials are also regulated by the EU. This is particularly relevant from an NHS perspective, given the vast number of clinical studies conducted by the NHS.
28. The EU and the UK should agree to focus on solving the issues around medicines as early as possible during the negotiations. Appropriate transitional arrangements need to be put in place to ensure that European patients can continue to access their medicines without disruption. In the event that the UK continues to have full access to the single market, the EU medical regulatory framework will continue to apply and any change would be minimal. At the other extreme, an exit from the single market would leave the UK free to determine its own medical regulation, with possibly much greater implications for the NHS. Under such a 'hard Brexit' scenario, it will be essential to ensure that our patients continue to benefit from early access to the wide range of innovative health technologies which are available on the EU market.

## Cross-border healthcare

29. As the right to receive healthcare in another EU country is regulated by the EU, leaving the EU may have consequences for NHS patients in terms of their ability to access cross-border healthcare. This could mean that, in the future, British

citizens on holiday in Europe might no longer be able to use the European Health Insurance Card, which allows them to receive emergency or immediately necessary healthcare on the same terms as the residents of that country.

30. EU law also allows Britons who are abroad for a longer period of time – such as pensioners living abroad, or UK citizens who work in another EU country – to be entitled to receive healthcare in the country where they live on the same basis as the local population. It should be stressed that these rules are reciprocal and therefore uncertainty also exists on whether EU citizens will be entitled to receive healthcare in the UK following Brexit.
31. If the UK were to leave the EU single market, these systems would in principle no longer apply, unless bilateral agreements were negotiated. Consideration should be given by negotiators to possible implications for patients and how to ensure that a fair alternative system is put in place, either with the EU as a whole, or with those EU countries, such as Spain, which have high numbers of UK nationals living there.

## Public health

32. A significant proportion of the domestic legislation in public health and consumer protection originates from the EU, as the EU has legislative competence in these areas. If EU rules were no longer enforceable in the UK after we leave the EU, we would recommend ensuring the same, or higher, level of safety is guaranteed through domestic standards and regulations thereafter.
33. EU legislation surrounding emission controls have been successful in reducing pollution levels across both road traffic and industry, while the Commission has also shown a willingness to enforce directives in many areas including water quality and the sale and marketing of tobacco products.

34. The issue of smoking may also be affected, as the EU has a significant role in ensuring a cross border approach to anti-smoking measures. The Tobacco Products Directive, having survived a number of High Court challenges, is now in the process of implementation.
35. Furthermore, the EU has several mechanisms to respond to and combat major cross-border health threats, including communicable disease outbreaks. This has allowed considerable improvement in the degree of information sharing and response co-ordination on an EU level in cases such as Ebola and swine flu pandemics. Continued access to these EU coordination mechanisms and networks, such as the European Centre for Disease Prevention and Control (ECDC), should be sought during the negotiations, as it would be more difficult for the UK to tackle in isolation what are inherently transnational threats.

## Food Regulation

36. While not directly linked to the NHS, food regulation can impact on public health initiatives surrounding food hygiene, obesity and healthy eating. With EU regulation, such as EU General Food Laws which seek to protect human health and consumers' interest in relation to food, the future of the UK's own food standards measures is currently unknown. The UK Government is yet to have come forward with its plan for a replacement to this regulation. The Government could simply copy EU regulations in this area, resulting in no change to current rules. On the other hand, the UK Government could use this opportunity to amend the regulation, possibly lowering the standards to open up our market to new trade partners.
37. With the EU likely to continue to be an important export market for the UK after Brexit is complete, exporting companies will look to continue to maintain their manufacturing standards at the EU approved level. Food manufactured for the UK market and food products coming into the UK market might not have to abide by the rigours EU standards though, if the regulation is not carried across

into UK law. Consumers could therefore start to see a decline in the standard of their weekly food shop.

38. Finally, the withdrawing from the EU legal framework on food could potentially offer opportunities. EU law in this area has been considered, on some occasions, to be too conservative and not going far enough to help consumers make healthy choices.

## Cavendish Coalition and Brexit Health Alliance

39. The Welsh NHS Confederation has been highlighting the possible implications for the Welsh NHS of Britain exiting the EU with the Welsh Government, but also to the UK Government through being a proactive member of the Cavendish Coalition and the Brexit Health Alliance.

40. The Cavendish Coalition is made up of 36 health and social care organisations<sup>ix</sup> united in their commitment to provide the best care to their communities, patients and residents. The coalition recognises that the talented and diverse group of people we all employ and represent are central to the success of that commitment, and that these individuals from the UK, Europe and across the world make a vital contribution to delivering care to the UK's population. We are committed to working together to ensure a continued domestic and international pipeline of high calibre professionals and trainees in health and social care in the future.

41. The Brexit Health Alliance<sup>x</sup> brings together the NHS, medical research, industry, patients and public health organisations. The Alliance seeks to make sure that issues such as healthcare research, access to technologies and treatment of patients are given the prominence and attention they deserve during the Brexit negotiations, and will argue that it is in both Europe and the UK's interests to maintain co-operation in research and in handling public health issues. It calls on the UK government to make sure there is a commitment to medical research

and providing alternative funding, and that UK citizens' right to receive healthcare in EU countries is preserved. The areas that the Alliance focuses on includes:

- a. Supporting maximum levels of research and innovation collaboration;
- b. Ensuring regulatory alignment for the benefit of patients and the public's health;
- c. Preserving reciprocal healthcare arrangements;
- d. Ensuring robust coordination mechanisms on public health and well-being; and
- e. Securing a strong funding commitment to the health sector and the public's health.

## How to mitigate risks and take advantage of opportunities

42. At this stage of the negotiation process, we have the following main recommendations:

- a. If the UK were no longer to be part of the EU Customs Union and could therefore embark in the negotiation of trade deals with different economic regions across the globe, particular care would need to be paid to respective public health policies and standards applied, as other trade blocks will be pushing for mutual recognition of their standards, which could be set at a lower level of safety compared to the EU's. International free trade deals are very complex and take time to negotiate. While we recognise the UK Government may wish to agree deals quickly, for each trade pact it will also be crucial to ensure a high level of public health protection by conducting an in-depth analysis of the standards applicable to each individual economic sector and ensuring that, whenever deemed necessary, reservations are agreed with our counterpart.

- b. Given the complexity of negotiations and the variety of policy areas that will be covered, we strongly recommend that organisations with specific expertise and knowledge in these respective areas are consulted by the UK Government and Welsh Government when drawing up the detailed approach to particular issues. This will allow a well-informed negotiating position to be shaped and avoid the risk that some of the implications could be overlooked.
- c. To reduce uncertainty in the run up and during the negotiations, whenever possible clarification should be provided by the UK Government. For example, the clarification given by the Treasury Office on EU funding programmes has been extremely helpful in reassuring our EU funding partners that it is safe to involve UK organisations in new funding bids. Similar clarification in other areas will be very welcome.

## Conclusion

43. The Welsh NHS Confederation will continue to highlight the possible implications for the Welsh NHS of Britain exiting the European Union with the Welsh Government and Assembly Members but also to the UK Government as part of the Cavendish Coalition and the Brexit Health Alliance.

## References

<sup>i</sup> The WPF is a tripartite forum with representatives from the Welsh Government, NHS Employers and Trade Unions. <sup>ii</sup> Health Foundation, July 2016, NHS Finances Outside the EU

<sup>iii</sup> Health and Safety Executive (2002) Second Evaluation of the Manual Handling Regulations (1992) and Guidance. HSE Books: Sudbury

<sup>iv</sup> Health and Safety Executive (2003) Evaluation of the implementation of the use of work equipment directive and the amending directive to the use of work equipment in the UK. HSE Books: Sudbury <sup>v</sup> European Federation of Pharmaceutical Industries and Associations (2017), 'The Pharmaceutical Industry in Figures', p.4.

<sup>vi</sup> [http://gov.wales/topics/businessandeconomy/sectors/life-sciences-](http://gov.wales/topics/businessandeconomy/sectors/life-sciences-sector/?lang=en)

[sector/?lang=en](http://gov.wales/topics/businessandeconomy/sectors/life-sciences-sector/?lang=en) <sup>vii</sup> <https://www.lifescienceshubwales.com/> <sup>viii</sup>

<http://www.lsrnw.ac.uk/>



<sup>ix</sup> Members of the Cavendish Coalition: Association of Dental Groups, Association of Directors of Adult Social Services, Association of Independent Healthcare Organisations, Academy of Medical Royal Colleges, Association for Real Change, Association of UK University Hospitals, British Dental Association, British Medical Association, Care England, Care Forum Wales, Care and Support Alliance, Chartered Society of Physiotherapy, Council of Deans of Health, Mental Health Network, National Association of Primary Care, National Care Association, National Care Forum, Vic Rayner, New NHS Alliance, NHS Clinical Commissioners, NHS Confederation, NHS Employers, NHS European Office, NHS Partners Network, NHS Providers, Northern Ireland Confederation for Health and Social Care, Registered Nursing Home Association, Royal College of Nursing, Shelford Group, Skills for Care, Skills for Health, The Company's Chemists' Association, The Royal College of Midwives, The Welsh NHS Confederation, Vanessa Young, Director, UNISON, United Kingdom Homecare Association and Voluntary Organisations Disability Group.

<sup>x</sup> Brexit Health Alliance founding members: Academy of Medical Royal Colleges, Association of Medical Research Charities, Association of British Healthcare Industries, The Association of the British Pharmaceutical Industry, Association of UK University Hospitals, Bio Industry Association, Faculty of Public Health, Medical Schools Council, National Voices, NHS Confederation (including Mental Health Network, NHS Clinical Commissioners, NHS Employers, NHS Partners Network), NHS Providers, Northern Ireland Confederation, Richmond Group of Charities, Scottish NHS Chief Executive Group and Welsh NHS Confederation

## Summary

- Our recent mapping report showed that social businesses are concerned about Brexit and see it as a potential barrier to their growth
- Businesses, communities and individuals across Wales have benefited significantly from European Union funding. Social enterprises and co-operatives have been helped to grow and create new jobs as a result of business advice, grants and loans funded by the EU. We are seeking reassurances that the kind of actions that European funds have supported over the years will now be funded by UK Government.
- We believe that there should also be a smooth transition from EU funds to successor funding with a transitional fund to ensure continuity for projects currently receiving EU funds.
- We would welcome the opportunity for social businesses and their support agencies to be consulted on the design and implementation of any successor programme to EU structural funds.
- The potential negative economic impacts of Brexit and uncertainties surrounding the process have been well documented. This is likely to not only lead to a challenging trading environment for social businesses but may also lead to increased demand for their services. Social businesses will need increased support and advice to help them meet these challenges.
- With the large legislative agenda resulting from leaving the EU, we would seek to ensure that the social economy is not overlooked.
- Co-operatives and co-operation could also provide positive solutions to potential problems faced by businesses in Wales post-Brexit. For example, co-operatives could help to address some of the issues faced by the Welsh agri-food sector following Brexit.
- Potential economic instability resulting from Brexit is likely to hit some of Wales' poorest communities hardest. We would argue that there is an opportunity to develop more bottom-up and collaborative approaches to

local economic development, supported by successor funds to EU structural funding. These should focus on developing inclusive local economies with social businesses at their heart.

## 1. Introduction

The Wales Co-operative Centre is a not-for-profit co-operative organisation that supports people in Wales to improve their lives and livelihoods.

We are working for a fairer economy. We help to create and retain wealth within our communities through the growth of co-operatives and social businesses and by providing people with the skills to take more control of their own lives and strengthen their communities.

Our projects include:

- Social Business Wales provides intensive, one-to-one support to social businesses which have ambitions to grow and a viable business proposal.
- Your Money Your Home tackles the financial exclusion of Private Rented Sector (PRS) tenants in Wales, and to prepare people for the introduction of Universal Credit.
- Digital Communities Wales tackles digital exclusion by providing training, support and encouragement to organisations to help them support digitally excluded people.
- Our Co-operative Housing project offers business support and advice to new and existing organisations looking to develop housing co-operative schemes.
- Our Community Shares Wales project helps community groups raise funds from within their local communities to fund the running of community projects and assets.

## 2. Main issues facing social business sector as a result of the UK's withdrawal from the European Union

Social businesses are concerned about the impact of Brexit. In particular, they are concerned their future trading environment is going to be affected adversely by leaving the EU, in particular from the loss of European funding and from the wider impact on the economy. This was highlighted as a concern in our most recent survey of the sector.<sup>1</sup>

### 2.1 Loss of European funding

Businesses, communities and individuals across Wales have benefited significantly from European Union funding. Social enterprises and co-operatives have been helped to grow and create new jobs as a result of business advice, grants and loans funded by the EU. This includes the Social Business Wales project delivered by the Wales Co-operative Centre which is supported by a £6m of EU structural funds and almost £5m from the Welsh Government. The Social Business Growth Fund administered by the WCVA also part-funded by ERDF and Welsh Government. The Fund provides funding to help social businesses grow and create job opportunities.

We support Welsh Government's request for assurances from UK Government that it will ensure Wales continues to receive the equivalent amount of funding when EU Structural Funds end. We are also seeking assurances from Welsh Government that it will continue to fund advice and support services for the social business sector through any challenging financial environments arising from the UK exiting the EU. We believe that this will be crucial to help social businesses meet increased demands for their services, as set out in Section 2.2 below. We believe that there should also be a smooth transition from EU funds to successor funding with a transitional fund to ensure continuity for successful projects currently receiving EU funds.

We believe that social businesses and agencies that support them should be consulted on the design and implementation of any successor programme to EU structural funds.

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<sup>1</sup> Mapping the Social Business Sector in Wales, April 2017 <https://wales.coop/helping-social-businessesgrow/research/>

## 2.2 Impact of Brexit on the wider economy and potential increased demand for social business services

The potential negative economic impact of Brexit and uncertainties surrounding the process are well documented. This is likely to not only lead to a challenging trading environment for social businesses but also to increased demand for their services.

Social businesses are often found in areas of social deprivation, supporting communities, offering jobs and training and often providing services that the public and private sectors would struggle to maintain. They plug gaps in provision and, in some cases, grow through innovative delivery and defining services in direct response to their community's needs. This is likely to be exacerbated if public and private sector businesses further reduce their services in these localities as a result of the challenging economic environment post-Brexit. Social businesses will need increased support and advice to help them meet these challenges in a sustainable way.

## 2.3 Legislative changes arising from exiting the EU

With the large legislative agenda that will result from leaving the EU, we urge the Welsh Government to champion the social economy to ensure that it is not overlooked. We support calls from our colleagues at Co-operatives UK for Brexit safeguards for cooperatives.<sup>2</sup> Co-operatives should not be put in a disproportionately worse position by the Brexit process. In particular, key Brexit safeguards in the following areas need to be addressed:

- The repatriation of EU competition law into UK law
- The repatriation of EU co-operative law into UK law
- The repatriation of EU consumer, employment and environmental law into UK law
- The repatriation of EU public procurement law into UK law
- EU recognition of and support for co-operatives

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<sup>2</sup> [https://www.uk.coop/sites/default/files/uploads/attachments/brexit\\_safeguards\\_for\\_coops\\_march\\_2017\\_draft.pdf](https://www.uk.coop/sites/default/files/uploads/attachments/brexit_safeguards_for_coops_march_2017_draft.pdf)

## 2.4 How co-operatives can help to address challenges arising from Brexit

Co-operatives also provide potential solutions to challenges faced by business sectors in Wales post-Brexit. For example, co-operatives could help to address some of the issues faced by the Welsh agri-food sector following Brexit. With profound changes to the structure of support for the sector potentially arising from the UK leaving the European Union, co-operatives and indeed co-operation in the sector could play an important role in sustaining and developing different aspects of the agri-food supply chain. During November, the Wales Co-operative Centre will be launching a new research report exploring the opportunities for co-operatives in the agri-food supply chain in more detail. We would be happy to provide the Committee with a copy of this report.

As outlined in Section 2.2 above, potential economic instability resulting from Brexit may hit some of Wales' poorest communities hardest. This will compound a situation where traditional approaches to economic development are not working for the whole of Wales. Economic growth has become unbalanced and many communities across Wales are being left behind. We would argue that there is an opportunity to develop more bottom-up and collaborative approaches to local economic development, supported by successor funds to EU structural funding. Successor funds could focus on creating the conditions where strong, local, community-centric economies can flourish. We believe that the social enterprise and co-operative sector can be at the centre of these economies, playing a key role in creating more balanced economies. These are ways of doing business that deliver sustainable economic growth while fostering positive social change and innovation. Social businesses are anchored in their communities; investment in them stays in the community and is recycled for wider economic and social benefits.

## **3. Impact on other Wales Co-operative Centre projects**

The Wales Co-operative Centre delivers a range of projects that help to create and retain wealth within our communities through the growth of co-operatives and social businesses and by providing people with the skills to take more control of their own lives and strengthen their communities. These are supported by a range of funders including Welsh Government, the Big Lottery Fund, Nominet Trust and Nationwide.

We believe that communities faced with uncertainties from Brexit and resulting economic instability may require increased support to overcome these challenges. This has potential to increase the demand for our projects and services. For example, a result of economic instability could be increased public sector austerity leading to public sector bodies seeking to offload more community assets. This could increase the demand for support from our Communities Shares Wales project. Economic instability that forces more people into challenging financial circumstances could also increase the demand for our financial inclusion projects.

## 4. Advice and support from Welsh Government to help prepare for Brexit

### 4.1 Advice, support, or assistance received from the Welsh Government to date in preparation for Brexit

The Wales Co-operative Centre has received information on Welsh Government's approach to Brexit in many ways, for example through the Council for Economic Development (CED) as well as in discussions with civil servants. At a CED meeting, the First Minister established a working group to focus purely on the business impact of Brexit and to report back to the Council. The Wales Co-operative Centre represents the social business sector on this working group. In addition civil servants are involving the Wales Co-operative Centre in their thinking about how business support might work post Brexit.

### 4.2 Advice and support needed from Welsh Government to help prepare for Brexit

While appreciating that there is still a great deal of uncertainty we would make the following points to help us as an organisation as well as the social business sector prepare:

- We would like assurances from Welsh Government that the kind of actions that European funds have supported in recent years to support social businesses continue to be a priority.
- We ask that social businesses sector have the opportunity to feed into the development of any successor funds.
- Given the likely increase in demand for their services, we are seeking assurances that social businesses will have access to support and advice to help them meet these challenges in a sustainable way.

Cynulliad Cenedlaethol Cymru | National Assembly for Wales  
Y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol | External Affairs and  
Additional Legislation Committee  
Gwydnwch a pharodrwydd: ymateb gweinyddol ac ariannol Llywodraeth Cymru i  
Brexit| Resilience and preparedness: the Welsh Government's administrative and  
financial response to Brexit  
EAAL(5) RPB03  
Ymateb gan FSB Cymru | Evidence from FSB Wales

FSB Wales welcomes the opportunity to contribute to the External Affairs and Additional Legislation Committee's inquiry into resilience and preparedness in response to Brexit.

FSB Wales is the authoritative voice of businesses in Wales. With 10,000 members, a Welsh Policy Unit, two regional committees and twelve branch committees; FSB Wales is in constant contact with business at a grassroots level. It undertakes regular online surveys of its members as well as a biennial membership survey on a wide range of issues and concerns facing small business.

Wales' economy is one that is based on the success of small firms – the vast majority of firms in Wales hire less than 25 people and most private sector employment in Wales is in SMEs. Therefore, it is crucial that Welsh and UK

Government work together to deliver a Brexit that ensures that these firms can have a bright and successful future.

## FSB Wales' Brexit Research

To inform our response to Brexit, FSB carried out four work streams on areas of concern to smaller businesses. These were; access to markets, access to skills and labour, European funding and regulation. Each theme had a published UK-wide report setting out key recommendations for the UK (and where applicable Welsh) government.

This was supplemented with additional survey work specifically with FSB Wales members which we then synthesised into a report for Wales bringing together all four themes and contextualising them in relation to the Welsh Government's



Brexit White Paper. The resulting report *Making Brexit Work for Wales' Smaller Businesses* is attached to this letter for the committee's reference.

The report should provide a number of answers to the committee's line of inquiry including on the key issues facing the SME sector in Wales, some suggestions on how Welsh Government can support firms through the transition process and recommendations to help prepare SMEs for Brexit.

## Brexit Preparedness Fund

As one might expect, this is an agenda that is moving quickly and there is a significant degree of uncertainty at present as to the nature of the UK's exit from the European Union. One recent development has been the Welsh

Government's agreement with Plaid Cymru for a £5m Brexit support package for businesses. FSB Wales believes there is merit in this funding being used to help Wales' SMEs to risk assess their business in relation to various Brexit scenarios. This could be delivered through Business Wales and would make use of existing Business Wales support programmes to help prepare those firms that have been risk assessed to deal with any consequences emerging from Brexit.

## Conclusion

I hope you find the comments of this letter of interest and that our report *Making Brexit Work for Wales' Smaller Businesses* is able to inform your inquiry.

## Cyflwyniad

1. Mae Cyngor Sir Penfro yn falch o'r cyfle i ymateb i'r Ymholiad hwn i'r mater pwysig hwn. Mae'r Cyngor yn darparu gwasanaethau cyhoeddus i ryw 123,000 o bobl sy'n byw yn Sir Benfro a nifer fawr o rai eraill sy'n ymweld â'r sir. Rydym yn gyfrifol am saith deg o ysgolion a 18,300 o ddisgyblion; darparu cymorth uniongyrchol i fwy na 5,000 o bobl fregus, ac rydym yn berchen ar fwy na 6,500 o gartrefi ac yn eu rheoli. Mae'r Cyngor yn cynnal 2,500km o ffyrdd ac 800 o bontydd. Rydym yn darparu gwasanaethau trwyddedu, diogelu'r cyhoedd ac iechyd yr amgylchedd, sy'n golygu gorfodi amrywiol gyfarwydddebau a rheoliadau gan yr UE.<sup>1</sup> Mae ein swyddogaeth adfywio wedi ei chwyddo gan fuddsoddiad gan yr UE o ryw £73m er 1996<sup>2</sup> a hyn wedi caniatáu inni ddarparu seilwaith busnes a thwristiaeth yn ogystal â nifer o gyfleoedd hyfforddiant a mentrau i atal tlodi.
2. Mae Cynllun Ariannol Tymor Canolig y Cyngor 2017/18 i 2020/21<sup>3</sup> yn nodi bod bwlch ariannu o £41.5m eisoes wedi cael sylw ar gyfer 2014/15 i 2016/17 ac y bydd bwlch ariannu o £45.3m, yn ôl y sefyllfa fwyaf tebygol, yn digwydd ar gyfer 2017/18 i 2020/21.
3. Roedd adroddiad a ystyriwyd gan Gabinet y Cyngor ar gynllunio ar gyfer Brexit ym mis Hydref eleni<sup>4</sup> yn nodi y gallai dod ag aelodaeth y Deyrnas Gyfunol o'r UE i ben gael amrywiol effeithiau ar yr awdurdod lleol ac ar Sir Benfro. Roedd yr

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<sup>1</sup> <https://www.pembrokeshire.gov.uk/performance-and-statistics>

<sup>2</sup> Dadansoddiad ar gael ar gais

<sup>3</sup> <https://www.pembrokeshire.gov.uk/finance-and-business>

<sup>4</sup>

<http://mgenglish.pembrokeshire.gov.uk/documents/s43214/9%2010%2017%20Cabinet%20Brexit%20Update.pdf?LLL=0>

adroddiad hwnnw'n tynnu sylw at adroddiad<sup>5</sup> gan y Ganolfan Perfformiad Economaidd yn y London School of Economics, a oedd yn dweud y byddai GVA pob ardal awdurdod lleol ym Mhrydain yn gostwng mewn sefyllfa o Brexit 'meddal' neu 'galed'.<sup>6</sup>

4. Yn naturiol ddigon bydd y Cyngor yn ofalus i sicrhau na fydd Brexit yn cymhlethu'r amgylchiadau lle disgwylir i lywodraeth leol ddarparu a gwella gwasanaethau – amgylchiadau sydd eisoes yn anodd.

**Beth yw'r prif broblemau sy'n wynebu ein sector wrth i'r DG ddod allan o'r Undeb Ewropeaidd, a sut ddylai Llywodraeth Cymru ymateb i'r rhain?**

5. Roedd yr adroddiad i'n Cabinet y cyfeiriwyd ati uchod yn nodi nifer o ffactorau y teimlai swyddogion y Cyngor allai effeithio ar yr awdurdod lleol o ganlyniad i Brexit, er nad oedd y rhestr yn cynnwys popeth o bell ffordd. Delir isod â chanlyniadau ariannol, a dyma'r canlyniadau nad ydynt o natur ariannol:
6. Cynnydd yn y galw am rai gwasanaethau: Bydd mwy o ddiweithdra yn ei gwneud yn anos mynd i'r afael ag anweithdra economaidd a her pobl ifanc sy'n NEET. Mae'r tri mater hyn yn ychwanegu at eraill, megis tlodi, camddefnyddio sylweddau<sup>7</sup>, cam-drin plant ac anifeiliaid, fandaleiddio a throseddau<sup>8</sup>. Mae'r rhain i gyd yn effeithio ar y gwasanaethau y mae'r Cyngor yn eu darparu, gan gynnwys Gofal Cymdeithasol, Tai, Gwarchod y Cyhoedd ac Adfywio, ond nid y rheiny'n unig. Yn ogystal, gall posibilrwydd o osod archwiliadau tollau gynyddu llwyth gwaith staff lechyd Porthladdoedd, a gall y bydd angen rheoleiddio ffiniau

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<sup>5</sup> <http://cep.lse.ac.uk/pubs/download/brexit10.pdf>

<sup>6</sup> Wrth Brexit meddal golygir bod y DG yn parhau o fewn y Farchnad Sengl. Ystyr Brexit caled yw bod y DG yn dod dan reolau Sefydliad Masnach y Byd (WTO). Fodd bynnag, rhaid nodi bod masnachu dan reolau WTO yn amodol ar drafodaethau llwyddiannus gydag aelodau eraill o WTO, ac felly nid yw'n awtomatig. Gweler <https://www.politico.eu/article/us-rounds-on-britain-over-food-quotas-as-post-brexit-trade-woes-deepen/>.

<sup>7</sup> <https://www.12keysrehab.com/blog/drug-abuse-and-unemployment>

<sup>8</sup> <https://www.sciencedaily.com/releases/2010/10/101003081452.htm>;  
<https://www.nspcc.org.uk/globalassets/documents/research-reports/understanding-links-child-abuse-animal-abuse-domestic-violence.pdf>

ym maes awyr Llwynhelyg. Gall gwerth isel y bunt annog mwy o bobl i dreulio'u gwyliau gartref, yn ogystal â thwristiaid tramor. Er y gallai hyn fod yn hwb i dwristiaeth, byddai hefyd yn cynyddu'r galw am wasanaethau'r Cyngor, e.e. sbwriel ychwanegol.

7. Lleihau'r galw am rai gwasanaethau: Gall gweithwyr symudol sy'n methu cael gwaith yn y sir symud rywle arall (mae'r profiad yn Murco yn cefnogi'r ddamcaniaeth hon). Os bydd teuluoedd yn eu dilyn gall fod llai o alw am leoedd ysgol. Gallai llai o wladolion yr UE yn y sir gael yr un effaith.
8. Colli staff o'r UE: Mae nifer y staff EU27 yn isel, dim ond tri ar ddeg o bobol. Mae gan y Cyngor hefyd bump o bobl o Dirïogaethau Tramor Prydain a Thiriogaethau sy'n Ddibynnol ar y Goron, a naw o weddill y byd. Mae rhai staff EU27 mewn swyddi proffesiynol.
9. Disgwylir i hyn fod yn fwy o broblem i fusnesau y mae'r Cyngor yn dibynnu arnyn nhw i ddarparu gwasanaethau, er enghraifft, yn y sector gofal ac mewn adeiladu.
10. Gellid ychwanegu at y rhain newidiadau posibl yn yr amgylchedd reoleiddio, er enghraifft, mewn iechyd amgylcheddol, gwarchod defnyddwyr, gwarchod y cyhoedd a chymorth y wladwriaeth. Byddai newidiadau felly yn golygu mwy o ofynion hyfforddiant.
11. Un mater a bwysleisiwyd gan ein Harweinydd, y Cyng David Simpson, yng nghyfarfod Cabinet y Cyngor ar 9 Hydref yw'r ansicrwydd mawr sy'n dod yn sgil Brexit ac anhawster gwneud unrhyw gynllunio ystyrlon mewn amgylchiadau felly. Yr hyn sy'n cymhlethu'r mater hwn yw'r perygl y gellid treulio amser gwerthfawr aelodau a swyddogion ar waith diangen, a'r duedd o'r herwydd i wneud dim, ond yn hytrach ganolbwyntio ar y gwaith dan sylw.

12. Yr hyn sydd ei angen yw rhyw ffordd i ddileu rhywfaint o'r ansicrwydd hwn er mwyn darparu cyfle lle gall ymatebion polisi gael eu ffurfio. Gellir gwneud hyn drwy symleiddio nifer y posibilïadau yn y dyfodol yn nifer bach o sefyllfaoedd yn seiliedig ar y wybodaeth ddiweddaraf am y cynnydd yn y trafodaethau Brexit, datganiadau gan Lywodraeth San Steffan, y Comisiwn Ewropeaidd ac eraill, tystiolaeth economaidd-gymdeithasol ac ymchwil academiaidd o safon uchel, ac yn y blaen.
13. Y ffordd orau i nodi'r sefyllfaoedd hyn yw ar lefel Cymru gyfan, ac felly tasg yw hon y dylid ei hysgwyddo gan Lywodraeth Cymru. Fodd bynnag, rhaid i'r sefyllfaoedd hyn gael eu rhannu'n agored gyda sefydliadau eraill sy'n ceisio paratoi ar gyfer Brexit, ac yn fwyaf arbennig gyda llywodraeth leol. Dylai'r sefyllfaoedd hyn gynnwys canlyniad methu â tharo bargaen, lle na chaiff dim byd ei gytuno, yn ogystal â'r canlyniad "Brexit caled" o adael y Farchnad Sengl a'r Undeb Tollau am reolau WTO.
14. Dylid cydnabod hefyd y caiff y sefyllfaoedd hyn eu gloywi gydag amser wrth i fwy o wybodaeth fod ar gael. Ond byddant yn ddefnyddiol dim ond os cânt eu rhannu cyn gynted ag y byddant ar gael er mwyn caniatáu cymaint o amser â phosibl ar gyfer eu defnyddio. Ni fyddant o ddim budd os cânt eu dal yn ôl yn gyson nes daw rhagor o wybodaeth.
15. Hoffem egluro hefyd y bydd Brexit yn dod â chyfnod o newid cyflym i lywodraeth leol ac i eraill. Ni fydd y temtasiwn i gyflwyno newidiadau neu ad-drefniadau pellach o ddim help wrth reoli'r newidiadau sylfaenol a ddaw yn sgîl Brexit. Dylai Llywodraeth Cymru weithredu i sicrhau cymaint o sefydlogrwydd ag sy'n bosibl yn ystod y cyfnod hwn.

**Pa gyngor, cefnogaeth neu gymorth rydych wedi ei gael gan Lywodraeth Cymru hyd yma i baratoi ar gyfer Brexit?**

16. Ni allwn restru dim cyngor, cefnogaeth na chymorth a ddarparwyd gan Lywodraeth Cymru i'r Cyngor hwn i helpu ein paratoadau ar gyfer Brexit.

**Pa ystyriaethau ariannol sydd wedi codi wrth i'r DG dynnu allan o'r Undeb Ewropeaidd, a beth ddylid ei wneud i baratoi ar gyfer y rhain?**

17. Gan mwyaf nid yw ystyriaethau ariannol a ddisgwylir oherwydd Brexit wedi cael effaith hyd yma. Gan gyfeirio'n ôl at adroddiad y Cabinet, disgwylir mai dyma fydd y rhain:

18. Llai o ariannu allanol: Ni fydd rhaglenni'r UE ar waith ar ôl 2021/22 a bydd arian o'r ffynonellau hyn yn dod i ben ar ôl mis Mawrth 2019. Er bod arian wedi'i addo yn ei le, gall hyn ddod drwy'r fformiwla Barnett ac felly fod lawer yn llai na'r arian drwy raglenni'r UE. Efallai na ddaw'r arian arall hwn sydd wedi'i addo, neu efallai na fydd yn addas at ein hanghenion o ran cymhwyster a/neu dargedu neu mewn ffyrdd eraill.

19. Mae'r pwynt hwn hefyd yn cynnwys rhagweld llai o ymwneud gan y sector preifat mewn cynigion adfywio os bydd hyder datblygwyr (fel y disgwyliwn) yn lleihau oherwydd bod costau'n codi yn y sector adeiladu.<sup>9</sup> Yn Sir Benfro byddai hyn yn digwydd mewn ardal lle mae gwerth tai eisoes yn isel, sy'n golygu nad yw ein hardal yn ddeniadol i ddatblygwyr gan fod elw masnachol ar gael yn haws mewn mannau eraill.

20. Rhagor o galedi: Mae trosglwyddo swyddi a busnes (yn enwedig mewn gwasanaethau ariannol) i'r EU27 yn dechrau a gellir disgwyl iddo gyflymu.<sup>10</sup>

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<sup>9</sup> <http://discoverandinvest.com/development-finance/how-has-brexite-impacted-property-developers/>

<sup>10</sup> <http://www.independent.co.uk/news/business/news/city-of-london-brexite-plans-transition-period-clarity-square-mile-government-catherine-mcguinness-a8017681.html>;  
<https://www.bloomberg.com/graphics/2017-brexite-bankers/>

Mae busnesau eraill yn methu oherwydd y penderfyniad i dynnu allan o'r UE.<sup>11</sup> Bydd hyn yn gwanhau sail ardrethi'r DG ac felly'n lleihau derbyniadau treth. Goblygiad hyn yw bod yn rhaid lleihau gwariant cyhoeddus a/neu gynyddu cyfraddau treth.

21. Mwy o ddyledion drwg: Gellid disgwyl y bydd mwy o ddiweithdra, anweithgarwch economaidd mwy ystyfnig a mwy o fusnesau mewn trafferth yn golygu bod casglu dyledion gan y bobl hyn yn fwy anodd.
22. Llai o incwm: Gall llai o hyder masnachol adlewyrchu llai o incwm o ffioedd cynllunio. Gall ardrethi busnes hefyd ostwng, er mai anuniongyrchol yw'r effaith ar y Cyngor.
23. Costau uwch: Ar ôl Brexit mae'n debyg y bydd tariffau a TAW ar bopeth sy'n cael ei fewnforio i'r DG, a hynny'n effeithio ar bob Cyngor drwy fod costau ynni, bwyd ac eitemau eraill yn uwch.
24. Mae'r gostyngiad sylweddol yng ngwerth cymharol sterling ers y Refferendwm wedi achosi canlyniadau uniongyrchol rydym eisoes yn gorfod eu rheoli. Yn gyntaf, mae cost nwyddau wedi'u fewnforio yn cynyddu, gan gynnwys bwyd ac ynni, a hyn yn achosi chwyddiant mewn prisiau cyffredinol y mae'n rhaid talu amdano. Mae gosod y terfyn parhaus hwn ar dâl yn y sector cyhoeddus, o'i gyfuno â'r chwyddiant cyffredinol hwn mewn prisiau, yn golygu bod cyflogau ein gweithwyr yn gostwng mewn gwirionedd. Mae hyn yn effeithio ar ein gallu i gadw staff a'u hyfforddi. Yn olaf, mae'r gostyngiad yng ngwerth sterling wedi achosi i werth sterling rhaglenni'r UE gynyddu'n sylweddol.<sup>12</sup> Mae

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<sup>11</sup> <http://news.sky.com/story/brexit-to-blame-as-machinery-rental-firm-hewden-nears-collapse-10662882>

<sup>12</sup> Tal cynllunio WEFO ar gyfer rhaglenni ERDF ac ESF ym mis Medi 2016 oedd £1:€1.25 ond ym mis Medi 2017 roedd yn £1:€1.18. <http://gov.wales/funding/eu-funds/2014-2020/programme-monitoring-committee/?lang=en>.

Swyddfa Ariannu Ewropeaidd Cymru (WEFO) a Llywodraeth Cymru'n disgwyl i awdurdodau lleol ddarparu rhywfaint o'r arian ychwanegol hwn, ond i wneud hynny rhaid inni ddarparu arian cyfatebol, sy'n anodd dod o hyd iddo mewn cyfnod o gyni.

25. O ran y pwynt olaf hwn, byddem yn gwerthfawrogi'n fawr iawn fwy o hyblygrwydd a dealltwriaeth gan Weinidogion Llywodraeth Cymru yn eu disgwyliadau ar gyfer arian cyfatebol gan lywodraeth leol. Ar hyn o bryd, yn y rhaglen 'Adeiladu ar gyfer y Dyfodol', er enghraifft, disgwylir i lywodraeth leol ddod o hyd i 20% o leiaf o arian cyfatebol o ffynonellau heblaw Llywodraeth Cymru (gan gynnwys yr UE). Nid yw mynnu pethau felly yn ddefnyddiol o gwbl, ac mae'n achosi rhwystrau diangen sy'n atal ymdrechion llywodraeth leol i ddod o hyd i arian cyfatebol i leihau problemau sy'n wynebu rhannau eraill o Lywodraeth Cymru.

**Pa gyngor neu gefnogaeth yr hoffech ei weld gan Lywodraeth Cymru a fydd yn eich helpu chi a'ch sector i baratoi ar gyfer Brexit?**

26. Mae nifer o fathau o gymorth gan Lywodraeth Cymru y byddai'r Cyngor yn eu gwerthfawrogi.
27. Yn gyntaf gwyddom fod gwaith wedi'i wneud o fewn y portffolio Amgylchedd a Materion Gwledig yn Llywodraeth Cymru i fapio nifer fach o sefyllfaoedd ar sail tystiolaeth i ddarparu cyd-destun lle gellir cynllunio ar gyfer Brexit. Ni wyddom a oes gwaith tebyg wedi'i wneud gan rannau eraill o Lywodraeth Cymru. Byddai'n fuddiol tu hwnt i ni pe gellid rhannu'r gwaith hwn gyda llywodraeth leol er mwyn inni allu ychwanegu tystiolaeth leol ac felly hefyd gynllunio ein hymateb polisi i amgylchedd ar ôl Brexit.



28. Yn ail, ac i ddatblygu'r thema hon o rannu gwybodaeth, byddai'n fuddiol iawn cael llwyfan cadarn, o bosibl system gwmwl, i alluogi rhannu'r wybodaeth hon rhwng llywodraeth ganol a llywodraeth leol yn ogystal â gwasanaethau cyhoeddus allweddol eraill. Yn ehangach, byddai diweddariadau Brexit ar ffurf e-lythyr yn ddefnyddiol.
29. Yn drydydd, hoffem weld unrhyw effeithiau rhanbarthol gwahaniaethol Brexit yn cael eu cymryd i ystyriaeth wrth ddyrannu arian yn ofodol i lywodraeth leol, boed drwy Grant Cynnal Refeniw neu ariannu adfywio ewyllysïol. Ni fydd dyrannu arian yn unig neu'n rhannol ar sail data hanesyddol yn deg a Chymru'n wynebu newid mor sydyn ac mor sylweddol yn ei hamgylchiadau economaidd-gymdeithasol.
30. Gobeithio y bydd y sylwadau byr hyn o ddiddordeb i'r Pwyllgor ac yn help i'r Ymholiad. Os oes unrhyw beth yn aneglur, neu os oes angen rhagor o wybodaeth, a fydddech cystal â chysylltu â Mr Gwyn Evans, Rheolwr Ariannu Ewropeaidd ac Allanol, Isadran Adfywio, Cyngor Sir Penfro.

## About Universities Wales

- 1.1. Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK (UUK). Universities Wales' Governing Council consists of the Vice-Chancellors of all the universities in Wales and the Director of the Open University in Wales.

## Introduction

- 1.2. As the UK and Welsh Government develop plans to seize the opportunities and minimise the uncertainty presented by exiting the European Union (EU), the university sector can make an invaluable contribution to a dynamic, outward-facing and competitive Wales.
- 1.3. Universities in Wales are committed to working with Welsh Government and others to navigate the best course for Wales and the rest of country as Britain exits the EU. Whilst the process of exiting the EU will bring challenges, universities welcome the opportunity to continue contributing to shaping solutions, and we are committed to maximising the opportunities it will present for Wales.
- 1.4. This submission outlines the main issues facing the sector as a result of the UK's withdrawal from the European Union, and includes further measures that Welsh Government can take to help universities prepare for exiting the European Union, following the questions suggested by the consultation guide.

## Summary:

- 3.1 The implications of a UK withdrawal from the EU are likely to impact upon all aspects of Welsh higher education activity. Concerns for Welsh universities posed by the UK exiting the European Union include:
- Loss of structural funds
  - Increased barriers to recruiting talented European staff
  - Loss of funding for research and innovation and damage to international research collaboration
  - Increased barriers to recruiting European students
  - Reduced outward mobility opportunities for staff and students
- 3.2 A UK withdrawal from the EU will have severe financial implications for the higher education sector, in terms of direct funding lost and financial implications of reductions to student recruitment.
- 3.3 Whilst these are common implications across UK higher education, Welsh universities are disproportionately disadvantaged by projected losses of Structural Funding, and so the Welsh Government should continue to raise awareness of the unique reliance in Wales on these funds, and to argue for their replication post-Brexit.
- 3.4 Universities Wales has appreciated the creation of the Welsh Government Higher Education Brexit Working Group, in enabling the sharing of information, preparing for collective responses and facilitating shared work within the sector. Unis Wales has also been feeding into the First Minister's Brexit committee, and we have appreciated being able to articulate the concerns of the higher education sector within this forum.

*1. What are the main issues facing your sector as a result of the UK's withdrawal from the European Union, and how should the Welsh Government respond to these?*

## Loss of Structural funds

- 4.1 European Structural and Investment Funds (ESIF) play a crucial role in supporting universities to generate local growth and jobs by turning ideas and research discoveries into new companies, by fostering entrepreneurship and employability, and by attracting talented people to study, work and spend in their areas.
- 4.2 Universities in Wales receive a significant amount of funding from European Structural Funds, and this continues to provide vital investment and funding for projects and infrastructure that contribute towards economic and social growth in Wales.
- 4.3 European Structural Funds have also played an important role in both innovation funding in Wales, and private investment in research and development. High quality research and innovation are the bedrocks of a growth economy, and have knock-on benefits for all communities across Wales.
- 4.4 As the third largest recipient of structural funds in the last round, universities are very exposed to the withdrawal of this funding. It is crucial that this funding for infrastructure and capacity-building is maintained, regardless of whether this comes from the EU or national budgets.
- 4.5 A full discussion on implications of loss of such funding is provided in question three.
- 4.6 Unis Wales is calling on UK Government to **Sustain or replace European Structural Funds at a devolved level** following the UK's withdrawal from the EU

so that Welsh universities can continue to deliver the maximum economic and social impact in communities across Wales.

- 4.7 UK Government policy to drive growth across the UK's regions and nations post-Brexit should, as structural funds do, focus on the poorest parts of the UK, which includes Wales.

## Increased barriers to recruiting EU staff

- 5.1 EU staff play a critical role in supporting the excellence of Wales' research base, as well as the quality and diversity of teaching provision. The latest HESA information indicates that there were 1,355 staff from the EU at Welsh universities (academic and non-academic staff).
- 5.2 The excellence and global competitiveness of Wales' research base relies on attracting and retaining the most talented researchers to pursue ground-breaking projects at Welsh universities, regardless of where they come from. Inability to recruit and retain the best researchers has serious risk of damaging our internationally excellent research reputation and losing the beneficial impact Wales' research has on Wales. The outstanding results of Welsh universities in the Research Excellence Framework (REF 2014) were reliant on high performing research teams, many of which are strengthened, if not dependent on, international mobility.
- 5.3 In recognition of the contribution made by EU staff, Universities Wales is of the strong opinion that the UK Government must make a clear and unequivocal statement affirming that staff from the EU's future right to reside, alongside their dependents, will not be brought into question following the UK's exit from the EU and invest in promotional efforts to support the attractiveness of the UK as a destination for talent.

- 5.4 In the long term, we urge the UK Government to affirm that it is a priority to ensure that future EU staff coming to the UK will not be impeded by an unwelcoming system of unnecessary bureaucracy regardless of the wider immigration status of EU nationals.
- 5.5 Universities Wales is concerned about either an income threshold or a skills level threshold for workers from the EU until further investigation of the staff grades of EU staff had been examined e.g. highly-specialised technical staff. Whilst this is a matter for UK Government, it is important that Welsh Government, working with Welsh universities, **consider the specific skills shortages and geographic challenges** in Wales compared to the rest of the UK.

## Loss of funding for research and innovation and damage to international research collaboration.

- 6.1 Collaboration is fundamental to Welsh research excellence, profile and impact. Internationally co-authored papers have 50% more impact than papers authored at national level: any obstacles to collaboration risk undermining the strength and profile of the UK's research base
- 6.2 The EU incentivises and supports international research collaboration, and the UK currently does disproportionately well in securing this funding, receiving £836m in research grants and contracts from EU sources in 2014/15 alone. Welsh universities received over £40m in EU research funding,
- 6.3 The UK's exit from the EU has resulted in uncertainty regarding the status of current bids and prospective bids which are likely to run past the date on which the UK formally leaves the European Union, undermining the

attractiveness of EU funding for Welsh researchers, as well as the attractiveness of Wales as a prospective partner for European researchers

- 6.4 If the UK does not reach an agreement with the EU, UK researchers' ability to participate in the current EU research programme, Horizon 2020, would come to a sudden end in 2019. Without a deal the UK will be relegated to 'third country' status within Horizon 2020 and future EU research programmes. This severely restricts UK participation, meaning that researchers are no longer able to bid for research funding or play a significant role in collaborative projects with EU partners through EU programmes
- 6.5 Longer term, a solution will need to be arrived at whereby UK researchers retain the same, and ideally expanded, opportunities for collaboration inside Europe and new bilateral and multilateral cooperation schemes with priority partners globally are established.
- 6.6 Universities Wales urges the Welsh Government to continue working with the UK Government to use the Brexit negotiations to secure continued UK participation in Horizon 2020 for the remainder of the programme. Furthermore, Welsh Government should work with UK Government to secure close collaboration with European partners to deliver excellent research in the long-term. Provided the 9th Framework Programme (FP9) maintains a focus on excellence, the UK government should seek access to it, as well as influence over its future shape.

## 7. Increased barriers to recruiting European students

- 7.1 Overseas students make an enormous contribution to Wales – academically, culturally and economically. There were 5,424 EU students of all modes and

levels (i.e. Full and Part Time, Undergraduate and Postgraduate) at Welsh universities in 2014/15, equivalent to 4% of the student population. EU students in Wales generated £150.3m for the Welsh economy and over 1,400 FTE jobs across the country in 2014/15.

- 7.2 Changes to visa regulations and uncertainty as to long-term EU citizen's rights would lead to EU citizens wishing to come to the UK being unclear on visa requirements and eligibility, and facing an increase in bureaucracy and cost. This would likely lead to a fall in EU students applying to study in Wales.
- 7.3 A drop in student recruitment from the EU will have a significant financial impact on all Welsh universities and would adversely affect the diversity of the student body, which broadens perceptions and prepares our graduates for an increasingly global world of work
- 7.4 Regardless of the final settlement between the EU and the UK, it is important that the Welsh Government continues to **publicly affirm the value** placed on EU students and their contribution to Welsh universities, invests in supporting future recruitment overseas through promotional activity, and provides reassurances to current EU students that they will remain welcome in Wales following its departure from the EU
- 7.5 Furthermore, Welsh Government **should consider any adverse effects on reciprocity** i.e. how decisions will affect Welsh students in, and wanting to study in EU universities
- 7.6 Post-Brexit, universities in Wales are anticipating that EU students will be treated on the same basis as current international students, both in respect of student fees and access to student finance. It is imperative however, we remain open to well qualified international students in the future, including EU



students and their dependents, regardless of the wider agreement reached on the immigration status of EU nationals. Putting up unnecessary barriers to what are, in effect, export earnings, would be illogical in a post-Brexit world.

## Reduced outward mobility opportunities for staff and students

- 8.1 The Erasmus+ is a significant programme for student outward mobility, responsible for some 46% of all current mobility of UK students. Erasmus+ programme provides students and staff the opportunity to gain vital international skills and experience.
- 8.2 A reduction in mobility opportunities for students would negatively affect the student experience, reduce diversity on campuses, have a detrimental effect on the development of graduates' skills, and some language courses, where study abroad is compulsory, could become vulnerable
- 8.3 Whilst Universities Wales will urge the UK Government to prioritise negotiating continued participation in Erasmus+, at the same time we are keen to work with Welsh Government to consider **further domestic policy interventions to support Welsh students and staff** in gaining the international skills and experience necessary to support Wales as a global trading nation.

### *2. What advice, support, or assistance have you received from the Welsh Government to date in preparation for Brexit?*

- 9.0 We welcome the commitment by Welsh Government in their Programme for Government to “better utilise our existing relationships with Welsh universities to help sell Wales to the world following the Brexit vote – and work with the sector to ensure protection for students, and important research grants.”

9.1 Universities Wales worked with the Welsh Government to establish the HE Brexit Working Group, which has the following objectives:

- To support HEIs (and WG) in understanding the implications of the various Brexit options and preparing for the impact of Brexit on the HE sector;
- To seek to influence the UK Government's negotiations with the EU;
- To seek to influence the UK Government's development of its post-Brexit policies and plans for higher education;
- To contribute to the First Minister's work on relationship building with other EU and non-EU countries and regions;
- To raise awareness more widely (with other stakeholders and the public) as to the implications of Brexit for higher education;
- To develop a vision for the post-Brexit future of HE in Wales and secure HEIs' commitment to it.

9.2 Unis Wales has found the WG HE Brexit Working Group useful in facilitating the sharing of intel, in bringing the sector together to coordinate work on shared issues, and ensuring the views of the sector are communicated to the Welsh Government, and in turn are fed into their own Brexit work.

9.3 Two of our Vice Chancellors are members of the First Minister's Brexit Committee, which we have valued as a further platform through which to engage with the Welsh Government's work on Brexit

9.4 Universities Wales are meeting the First Minister later this month, which will give Vice Chancellor's the chance to directly communicate their concerns and priorities for the Welsh Government's work on Brexit.

- 9.5 We value the opportunity to continue contributing to National Assembly Committee responses/evidence sessions.
- 9.6 Given our international outlook, expertise and quality research, universities are well placed to provide support and solutions for the challenges posed by Brexit. Whilst the interaction we have had to date has been positive, it is crucial that moving forward, our universities, as national assets, are fully involved, engaged and their expertise utilised in the Welsh Government's plans for, and transitioning to, a post-Brexit Wales.

***3. What financial considerations have arisen as a result of UK's withdrawal from the European Union and what should be done to prepare for these?***

## Loss of research funding and Structural funds

- 10.1 European Structural and Investment Funds (ESIF) play a crucial role in supporting universities to generate local growth and jobs by turning ideas and research discoveries into new companies, by fostering entrepreneurship and employability, and by attracting talented people to study, work and spend in their areas. As the third largest recipient of structural funds in the last round, universities are very exposed to the withdrawal of this funding. It is crucial that this funding for infrastructure and capacity-building is maintained, regardless of whether this comes from the EU or national budgets. Welsh Government should continue to articulate the case for continued structural funds, ensuring any replicated funding model distributes funding on a needs-based, place-based and flexible approach, ensuring funding targets the poorest areas of the UK, whilst recognising localised economic and innovation needs.
- 10.2 In 2015 alone, almost £25 million of ERDF funding was approved for proposals led by universities in Wales to enhance R&I infrastructure and

build capacity, namely through the Aberystwyth Innovation and Enterprise Campus and Cardiff University's Brain Research and Imaging Centre.

- 10.3 Wales has received over £4bn in Structural Funds since 2000 and we understand this presents a challenge for Welsh Government in terms of shaping their future economic strategy. Universities Wales is committed to working with Welsh Government to look at future proposals that avoid 'pockets' of replacement funds but consider strategic capital funding plans to achieve their ambitions for Wales whilst utilising the role of Welsh universities as economic and social anchors in many of Wales' regions.
- 10.4 In 2014/15 the total EU research grants and contract income for Wales was approximately £46 million. This represented around 21% of total research grants and contracts income in Wales for that year. However, financial statements will only provide a historic view of the income that universities have received from EU sources. Of much more significance is the income that they are forecast to receive from projects currently funded, or in the process of being funded by the EU.
- 10.5 Universities Wales want to continue as close participation as possible in the European Research Area, including full participation in Horizon 2020. The latest Horizon 2020 total for Welsh universities (to date) was **€40,889,510.39**. However, if the UK is no longer able to access frameworks such as Horizon 2020, we risk the loss of access to collaboration – equally as crucial as funding.
- 10.6 Welsh universities have the highest percentage of 'world leading' research in terms of its impact of any part of the UK, with almost half of it considered to be having a transformational effect on society and the

economy<sup>1</sup>. Much of this can be attributed to these international collaborations, which have been crucial to addressing global challenges. Long term economic growth is above all determined by knowledge accumulation and technological progress<sup>2</sup> and there are few sectors of the Welsh economy with the capacity or scope to grow and generate export earnings as well as universities<sup>3</sup>. It is imperative for Wales that our universities are still able to access the both the most talented researchers and all available funding streams, underpinned by sufficient capital investment, in order to continue delivering these benefits for Wales and play their crucial role in growing prosperity in Wales.

## Reduction of EU student numbers:

- 10.7 A drop in student recruitment from the EU will have a significant financial impact on all Welsh universities
- 10.8 Such a drop would have a knock-on financial impact on the wider economy. EU students in Wales generated £150.3m for the Welsh economy and over 1,400 FTE jobs across the country in 2014/15.
- 10.9 A reduction in EU student numbers would also adversely affect the diversity of the student body, which broadens perceptions and prepares our graduates for an increasingly global world of work.

### ***4. What advice or support would you like to see from the Welsh Government that will help you and your sector to prepare for Brexit?***

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<sup>1</sup> 2014 Research Excellence Framework (REF)

<sup>2</sup> OECD, *The OECD Innovation Strategy - Getting a head start on tomorrow*, 2010.

<sup>3</sup> Welsh Government, *Programme for Government Annual Report 2012*, p.3 & 6.

- 12.1 Universities need clarity, stability and a reduction in uncertainty. While negotiations continue, albeit at a slow pace, we are conscious that if our universities are to thrive post-Brexit, clarity is required on some key areas including access to European research networks and funding; student and staff mobility programmes; post-Brexit immigration policy and EU student fees and loans. We urge the Welsh Government to continue working to secure clarity on these areas from the UK Government.
- 12.2 Universities in Wales are committed to working with Welsh Government and others to navigate the best course for Wales and the rest of country as Britain exits the EU. Whilst the process of exiting the EU will bring challenges, universities welcome the opportunity to continue contributing to shaping solutions, and we are committed to maximising the opportunities it will present for Wales.
- 12.3 Although the Interaction we've had to date has been positive, it is crucial that going forward our universities, as national assets, are fully involved, engaged and utilised in WGs plans for, and transitioning to, a post Brexit wales.
- 12.4 This should include in particular, the economic strategy, as Wales' universities are, and can be even more, crucial to increasing Wales' productivity and prosperity.
- 12.5 Our universities in Wales are internationally competitive and a major economic asset, that bring widespread benefits to individuals, communities, the nation as a whole and government in Wales. The total combined impact of Welsh universities and their students on Wales' GVA came to nearly £2.4 billion – equivalent to 4.6% of all Wales GVA in 2013. Welsh universities bring in a total of £413 million of export earnings<sup>4</sup> and income to Wales

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<sup>4</sup> £218 million international revenue and £195 million off-campus expenditure of international students

through knowledge exchange between universities and the public, private and third sectors was £201 million in 2013/14<sup>5</sup>.

- 12.6 Universities can play a central role in driving inclusive economic growth locally, regionally and nationally; improving productivity as part of a new industrial strategy; and strengthening our international trade and diplomatic relationships across Europe and the wider world.
- 12.7 Continued communication and cooperation between the Welsh Government and the higher education sector through Universities Wales will be essential in ensuring universities continue to contribute to shaping solutions to the challenges posed by Brexit.
- 12.8 To facilitate this, the WG HE Brexit Working Group should continue to meet, and communication between ministers and the First Minister and Universities Wales should continue.

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<sup>5</sup> Higher Education Business and Communities Interaction (HE-BCI) survey

Hoffwn bwysleisio'r pwyntiau canlynol:

Mae goblygiadau economaidd ymadawiad y DU o'r Undeb Ewropeaidd ar gyfer siaradwyr y Gymraeg a chymunedau Cymraeg eu hiaith yn peri gofid. Ymysg eraill, gallasai Brexit:

- danseilio darpariaeth rhaglenni a phrosiectau yng Nghymru sy'n allweddol er mwyn creu gweithlu medrus dwyieithog a chefnogi'r defnydd o'r Gymraeg yn y gymuned a'r byd busnes; ac
- effeithio ar sectorau economi sy'n bwysig i siaradwyr y Gymraeg ac sy'n cynnal cymunedau Cymraeg eu hiaith i raddau helaeth.

Mae'n gwbl allweddol nad yw Brexit yn tanseilio'r ymdrech i greu rhagor o siaradwyr y Gymraeg na'r defnydd a wneir ohoni.

Croesawaf ymrwymiad clir Llywodraeth Cymru i ddiogelu ardaloedd gwledig lle mae'r Gymraeg ar ei chryfaf rhag unrhyw effeithiau niweidiol Brexit ar y sector amaeth. Er hynny, wrth i'r broses o ymadael â'r UE fynd yn ei flaen credaf ei bod yn hanfodol fod ei effaith ar y Gymraeg yn derbyn sylw priodol ym mhob agwedd o waith y Llywodraeth.

Yn hynny o beth, dadleuaf y dylid adnabod hyd a lled effaith economaidd Brexit ar y Gymraeg mewn cysylltiad â sectorau economi eraill, megis sector diwydiannau creadigol ac addysg ôl-16, yn ogystal â rhaglenni a phrosiectau penodol sydd â photensial i blethu buddion economaidd a ieithyddol. Yn dilyn hynny, mae'n



hanfodol bod y Llywodraeth yn cynllunio ar frys er mwyn lliniaru'r effeithiau niweidiol ar y Gymraeg a'i defnyddwyr.

## 1. Cyd-destun yr ymateb hwn

Prif nod y Comisiynydd wrth arfer ei swyddogaethau yw hybu a hwyluso defnyddio'r

Gymraeg. Wrth wneud hynny bydd y Comisiynydd yn ceisio cynyddu'r defnydd o'r Gymraeg yng nghyswllt darparu gwasanaethau, a thrwy gyfleoedd eraill. Yn ogystal, bydd yn rhoi sylw i statws swyddogol y Gymraeg yng Nghymru a'r dyletswyddau statudol i ddefnyddio'r Gymraeg drwy osod safonau.

Mae dwy egwyddor yn sail i waith y Comisiynydd, sef:

- na ddylid trin y Gymraeg yn llai ffafriol na'r Saesneg yng Nghymru a
- dylai personau yng Nghymru allu byw eu bywydau drwy gyfrwng y Gymraeg os ydynt yn dymuno gwneud hynny.

Un o amcanion strategol y Comisiynydd yw dylanwadu ar yr ystyriaeth a roddir i'r

Gymraeg mewn datblygiadau polisi. Darperir sylwadau yn unol â'r cylch gorchwyl hwn gan weithredu fel eiriolwr annibynnol ar ran siaradwyr Cymraeg yng Nghymru. Mae'r ymagwedd hon yn cael ei harddel er mwyn osgoi unrhyw gyfaddawd posibl ar swyddogaethau'r Comisiynydd ym maes rheoleiddio, a phe byddai'r Comisiynydd yn dymuno adolygu'n ffurfiol berfformiad cyrff unigol yn unol â darpariaethau'r Mesur.

Yn unol â hynny, cynigir isod sylwadau mewn perthynas â chylch gorchwyl yr ymchwiliad.

## 2. Effaith economaidd Brexit ar y Gymraeg – rhaglenni a gweithgareddau penodol

Mae'n deg dweud nad yw hi'n glir ar hyn o bryd beth fydd effaith Brexit ar economi Cymru. Er hynny, gellir tynnu sylw at sawl agwedd o'r economi sy'n debygol o gael eu heffeithio gan Brexit a sydd hefyd yn cael effaith uniongyrchol neu anuniongyrchol ar siaradwyr y Gymraeg.

Ar un llaw, gellir tynnu sylw at rôl cyllid Ewropeaidd wrth gefnogi rhaglenni a gweithgareddau penodol sydd â photensial i blethu buddion economaidd a ieithyddol.

Mae hyn yn cynnwys rhaglenni hyfforddiant sy'n cyfrannu at greu gweithlu medrus dwyieithog; a phrosiectau sy'n cefnogi defnydd y Gymraeg yn y gymuned a'r byd busnes gan fanteisio ar yr un pryd ar yr iaith fel ased economaidd.

Un enghraifft yw rhaglen 'Sgiliau ar gyfer yr Economi Ddigidol', sef menter gwerth £4.38 miliwn a gyflwynwyd rhwng 2011 a 2015 dan nawdd ariannol Cronfa Gymdeithasol

Ewrop i gynnig hyfforddiant yn y maes creadigol er mwyn hybu diwydiant cystadleuol yng Nghymru. Gosododd y prosiect darged o gyfranogiad o 20 y cant gan siaradwyr Cymraeg. Yn ôl gwerthusiad interim cyflawnwyd yn dda yn erbyn y targed hwnnw rhwng 2011 a 2013. Mae hyn yn bwysig achos dengys ymchwil fod galw clir am siaradwyr y Gymraeg yn y sector diwydiannau creadigol, yn enwedig mewn is-sectorau megis radio, cyfryngau rhyngweithiol, hysbysebu, ffilm ac animeiddio.

Enghraifft arall yw cynllun ‘Llwybrau i’r Brig’ Urdd Gobaith Cymru oedd yn weithredol rhwng 2009 a 2013 dan nawdd ariannol Cronfa Gymdeithasol Ewrop. Nod y cynllun oedd rhoi cyfleoedd i bobl ifanc i feithrin sgiliau cysylltiedig â byd gwaith, cynorthwyo eu datblygiad personol a chymdeithasol, a helpu iddynt ddatblygu drwy gyfrwng y Gymraeg yn eu cymunedau lleol. Yn ôl gwerthusiad y rhaglen, llwyddwyd i weithio gyda 7,293 o bobl ifanc 11–19 oed; rhoi cymwysterau i 2,056 ohonynt; a chodi ymwybyddiaeth o’r cyfleoedd sydd ar gael trwy gyfrwng y Gymraeg. Yn ôl erthygl yn y wasg mis Gorffennaf 2016, derbyniodd yr Urdd £4 miliwn rhwng 2009 a 2013 o arian Ewropeaidd tuag at ‘Lwybrau'r Brig’ a gweithgareddau eraill. Dywed Sioned Hughes, Prif Weithredwr yr Urdd, yn yr un erthygl mai ei phryder mwyaf yw y bydd pobl ifanc a phlant Cymru yn colli’r cyfleoedd pan ddaw arian Ewrop i ben.

Ceir hefyd enghreifftiau o sefydliadau yng Nghymru denu’r grantiau Ewropeaidd er mwyn cefnogi defnydd y Gymraeg yn y gymuned a’r byd busnes gan fanteisio ar yr un pryd ar yr iaith fel ased economaidd. Er enghraifft, llwyddodd Menter Iaith Conwy i ddenu grant o £85,000 i greu meithrinfa gyfrwng Gymraeg yng Nghyffordd Llandudno. Agorwyd y feithrinfa’n swyddogol ym mis Chwefror 2016. Ymddengys erbyn Gorffennaf

2016 bod y feithrinfa yn cynnig gwasanaeth i 30 o blant ac yn cyflogi naw o weithwyr.

Yn ddiweddarach, llwyddodd Four Cymru i ddenu cefnogaeth ariannol o Gronfa

Amaethyddol Ewrop ar gyfer Datblygu Gwledig i gyflwyno prosiect ‘Marchnad Lafur Cymraeg’ mewn partneriaeth gyda Mentrau Iaith Cymru. Nod y prosiect hwn yw ‘datblygu’r Gymraeg fel catalydd economaidd fyddai’n gyfrwng i ddatblygu ac adfywio y Gymru Wledig’.

### 3. Effaith economaidd Brexit ar y Gymraeg – effaith ar yr economi'n gyffredinol

Ar y llaw arall, gallasai Brexit gael effaith fwy cyffredinol ar y sectorau sy'n feysydd cyflogaeth bwysig i siaradwyr y Gymraeg ac sy'n cynnal cymunedau Cymraeg eu hiaith. Dadleuir yn gyffredinol fod cydgysylltiad rhwng economi a hyfywedd cymunedau Cymraeg eu hiaith. Gwyddom o Gyfrifiad 2011 ac ymchwil pellach bod amaethyddiaeth, lletygarwch a gwasanaethau bwyd ymysg y sectorau sydd â niferoedd a chanrannau uchel o siaradwyr y Gymraeg. Fel y mae Llywodraeth Cymru yn ei gydnabod, dyma'r meysydd cyflogaeth sy'n cynnal cymunedau mewn ardaloedd gwledig lle mae canrannau a niferoedd o siaradwyr y Gymraeg yn draddodiadol uchel ond lle maent wedi gostwng dros y degawd diwethaf.<sup>16</sup>

Mae cefnogaeth ariannol yr UE i'r sectorau hyn yn bellgyrhaeddol. Yn ogystal â chronfeydd megis Cronfa'r Môr a Physgodfeydd Ewrop, a Chronfeydd Strwythurol yr UE, ceir rhaglenni sy'n darparu cymorth yn benodol i gymunedau gwledig. Mae'r rhain yn cynnwys taliadau o dan Bolisi Amaethyddol Cyffredin, sef cynllun cymorthdaliadau o £200–£274 miliwn y flwyddyn i ffermwyr a thirfeddianwyr Cymru. Ceir hefyd gymorth ariannol trwy Raglen Datblygu Gwledig, sy'n darparu '£957 miliwn i gefnogi busnesau, ffermwyr, cefn gwlad a chymunedau mewn ardaloedd gwledig'.

Er ni wyddys ar hyn o bryd beth fydd strwythur a maint y cymorth i'r sector yn dilyn ymadael â'r UE, mae goblygiadau posibl yn peri gofid. Dadleuodd Llywodraeth Cymru y gallasai sector ffermio a bwyd Cymru wynebu 'bygythiad uniongyrchol' os bydd unrhyw rwystr yn codi sy'n atal busnesau Cymreig rhag cael mynediad at y Farchnad Sengl.<sup>19</sup> Yn ôl tystiolaeth a gyflwynwyd yn ddiweddar i Bwyllgor yr Undeb Ewropeaidd Tŷ'r Arglwyddi, mae 92 y cant o allforion y sector yn mynd i'r UE. Clywodd y Pwyllgor am bwysigrwydd diwylliannol y sector amaethyddiaeth, yn enwedig fel cadarnle'r Gymraeg, ac effaith 'ddinistriol' bosibl Brexit ar gymunedau gwledig sy'n economaidd fregus.

Eto i gyd, ceir sectorau economi eraill sy'n debygol o gael eu heffeithio, gydag oblygiadau deublyg i siaradwyr y Gymraeg a'r economi leol. Er enghraifft,

comisiynodd S4C a'r BBC ddrama lwyddiannus 'Y Gwyll' gyda chefnogaeth ariannol cronfa Ewropeaidd 'EU's MEDIA programme' ac 'Ewrop Creadigol' yn diweddarach. Canfu ymchwil cwmni Arad y cyfrannodd ffilmio cyfres gyntaf y ddrama yng Ngheredigion £1 miliwn at yr economi leol. Er bod Fiction Factory, y cwmni a gynhyrchodd 'Y Gwyll', yn seiliedig ym Mae Caerdydd, gwyddom fod S4C yn comisiynu cynnwys cyfrwng Cymraeg gan nifer helaeth o gwmnïoedd annibynnol eraill ar draws Cymru. Gwyddom hefyd o adroddiad blynyddol S4C 2014/15 y cafodd 42 y cant o fuddsoddiad y sianel ei ddosrannu i Ogledd a Gorllewin Cymru, sy'n ardaloedd sydd o dan anfantais economaidd. Gellir dadlau y bydd Brexit yn dylanwadu ar gyfleoedd S4C ac eraill yn y sector i fanteisio ar gyfleoedd i ddenu cefnogaeth ariannol, a thrwy hynny hefyd ar eu heffaith ar y Gymraeg a'r economi.

Dylid hefyd dynnu sylw at oblygiadau posibl Brexit i ddarpariaeth sector addysg ôl-16. Yn ogystal â'u heffaith economaidd, mae'r sector yn ganolog i'r ymdrech i ddatblygu gweithlu medrus dwyieithog. Ar hyn o bryd mae sefydliadau yn y sector yn manteisio ar ffynonellau cyllido megis Horizon 2020 i gefnogi ymchwil ac arloesi; Erasmus+ i gefnogi cyfnewidfa myfyrwyr a staff gyda sefydliadau addysgol tramor; a'r Cronfeydd Strwythurol ar gyfer rhaglenni hyfforddiant amrywiol. Yn ôl y Sefydliad Materion Cymreig, mae prifysgolion Cymru yn manteisio ar tua £35 miliwn o arian Ewropeaidd tuag at ymchwil pob blwyddyn. Yn ôl Colegau Cymru, disgwylir y bydd Cymru yn derbyn buddsoddiad o dros £740 miliwn rhwng 2014 a 2020 trwy Gronfeydd Strwythurol Ewrop, gyda £320 miliwn o'r cyfanswm hwn tuag at wella sgiliau'r gweithlu. Nododd Colegau Cymru hefyd y clustnodwyd dros 4.25 miliwn ewro i sector addysg bellach yng Nghymru tuag at gynllun Erasmus+ rhwng 2011 a 2015.

Mae'n wir bod y defnydd o'r Gymraeg yn addysg ôl-16 yn parhau'n isel. Gellir tynnu sylw er enghraifft at ddefnydd isel yr iaith mewn rhaglenni prentisiaeth sydd yn cael eu cyflwyno yng Nghymru o dan nawdd ariannol Cronfa Gymdeithasol Ewrop. Er hynny, mae'n allweddol nad yw effaith ariannol Brexit yn tanseilio'r ymdrechion i wella'r sefyllfa bresennol; na'r cyfleoedd sy'n bodoli ar gyfer siaradwyr y Gymraeg yn y sector ar hyn o bryd.

Mae goblygiadau economaidd ymadawiad y DU o'r Undeb Ewropeaidd ar gyfer siaradwyr y Gymraeg a chymunedau Cymraeg eu hiaith yn peri gofid. Mae'n gwbl allweddol nad yw Brexit yn tanseilio'r ymdrech i greu rhagor o siaradwyr y Gymraeg na'r defnydd a wneir ohoni.

## 4. Ymateb Llywodraeth Cymru hyd yn hyn

Yn y cyd-destun uchod, croesawaf ymrwymiad clir Llywodraeth Cymru i ddiogelu ardaloedd gwledig lle mae'r Gymraeg ar ei chryfaf rhag unrhyw effeithiau niweidiol Brexit ar y sector amaeth. Er hynny, ni fu llawer o sylw i'r Gymraeg hyd yn hyn mewn trafodaethau am oblygiadau economaidd Brexit yn fwy cyffredinol – er enghraifft nid oedd sylw i'r Gymraeg yn nogfen y Llywodraeth 'Diogelu Dyfodol Cymru' (2017). Wrth i'r broses o ymadael â'r UE fynd yn ei flaen credaf ei bod yn hanfodol fod ei effaith ar y Gymraeg yn derbyn sylw priodol ym mhob agwedd o waith y Llywodraeth.

Yn hynny o beth, dadleuaf y dylid adnabod hyd a lled effaith economaidd Brexit ar y Gymraeg mewn cysylltiad â sectorau economi eraill, megis sector diwydiannau creadigol ac addysg ôl-16, yn ogystal â rhaglenni a phrosiectau penodol sydd â photensial i blethu buddion economaidd a ieithyddol. Yn dilyn hynny, mae'n hanfodol bod y Llywodraeth yn cynllunio ar frys er mwyn lliniaru'r effeithiau niweidiol ar y Gymraeg a'i defnyddwyr.

Mae Cytûn (Eglwysi Ynghyd yng Nghymru) yn dwyn ynghyd prif enwadau Cristnogol Cymru, a nifer o fudiadau Cristnogol eraill, i gyd-weithio ar faterion sydd o ddiddordeb iddynt oll. Mae gan yr 17 aelod enwad ryw 165,000 o oedolion sy'n aelodau ymhob cymuned ar draws Cymru, a chyswllt rheolaidd â llawer mwy o oedolion, plant a phobl ifainc. Gellir gweld rhestr lawn o'r holl enwadau a mudiadau sy'n aelodau yn: <http://www.cytun.cymru/ni.html>

Ffurfiwyd Gweithgor Cymru ac Ewrop yn dilyn refferendwm Mehefin 2016 er galluogi'r eglwysi i gyd-weithio wrth ymateb i'r canlyniad a'r newidiadau sylweddol ym mywyd y genedl a ddaw yn ei sgîl. Mae i bob aelod enwad yn Cytûn ran yng ngwaith y Gweithgor. Gellir gweld yr adnoddau a gyhoeddwyd gan y Gweithgor yn: [www.cytun.cymru/cymruewrop](http://www.cytun.cymru/cymruewrop)

Byddem yn croesawu cyfleoedd pellach i ymwneud â gwaith y Pwyllgor. Dylid cyfeirio unrhyw ymholiadau at: Parch. Gethin Rhys, Swyddog Polisi Cytûn, yn [gethin@cytun.cymru](mailto:gethin@cytun.cymru). Gellir cyhoeddi'r ymateb hwn yn llawn.

**1. Beth yw'r prif faterion sy'n wynebu eich sector o ganlyniad i'r ffaith fod y DU yn ymadael â'r Undeb Ewropeaidd, a sut y dylai Llywodraeth Cymru ymateb i'r rhain?**

- 1.1 Mae'n debyg mai'r mater sy'n pwysu mwyaf ar eglwysi Cristnogol Cymru yw'r ansicrwydd sy'n wynebu aelodau ein cynulleidfaoedd sy'n ddinasyddion yng ngwledydd eraill yr Undeb Ewropeaidd, ac sy'n byw yn gyfreithlon yng Nghymru oherwydd y ddinasyddiaeth honno. Ers yn union ar ôl y refferendwm, fe fu Cytûn a'n haelod eglwysi yn pwysu ar Lywodraeth y DU i ddiogelu sefyllfa'r dinasyddion hyn yng nghyfraith y DU. Rydym yn ddiolchgar am ddatganiadau Llywodraethau'r DU a Chymru yn sicrhau'r bobl

hyn bod croeso iddynt yma o hyd, ond byddem yn pwysu ar Lywodraeth Cymru i barhau i bwysu ar Lywodraeth y DU i ddatrys y materion hyn yn derfynol. Rydym yn gofidio am unrhyw gynigion ar gyfer 'settled status' i ddinasyddion yr UE allai ddibynnu ar eu statws economaidd, e.e. bod ganddynt waith neu eu bod yn gallu cynnal eu hunain heb fynd ar ofyn y wladwriaeth. Credwn y dylai dinasyddion sydd yma eisoes a'u dibynyddion – gan gynnwys y rhai allai ddod yn ddibynnol arnynt yn y dyfodol (e.e. rhieni oedrannus yng ngwledydd eraill yr UE) gael sicrwydd y bydd ganddynt hawl i fyw yma yn gyfreithlon a chael mynediad i ofal iechyd, gofal cymdeithasol a budd-daliadau.

1.2 Er bod eglwysi Cristnogol yn llai dibynnol na llawer rhan arall o'r trydydd sector ar arian cyhoeddus, rydym yn gofidio ar ein rhan ein hunain ac ar ran y gymdeithas ehangach ynghylch yr ansicrwydd parthed dyfodol ariannu allanol ar gyfer cynlluniau allai fod o fudd i'n cymdeithas. Mae colli cronfeydd strwythurol yr UE o ofid arbennig yng Nghymru, gan fod yr ansicrwydd yn peryglu ystod o gynlluniau sy'n amrywio o grantiau bach iawn i grwpiau cymunedol i gynlluniau seilwaith mawr a chynlluniau sy'n cefnogi cyflogadwyedd pobl ddi-waith a phobl economaidd segur. Rydym yn gofidio'n arbennig am:

- Awgrymiadau y bydd y gronfa arfaethedig 'UK Shared Prosperity Fund' yn cael ei dyrannu gan Lywodraeth y DU yn unig, ac y gellid cyfyngu ar neu dynnu rôl bresennol Llywodraeth Cymru o ran dosbarthu cronfeydd yr UE. Byddem am weld Llywodraeth Cymru yn pwysu i egwyddor sybsidiaredd barhau i gael ei weithredu o ran dosbarthu unrhyw ariannu o'r fath a ddaw o'r DU.
- Awgrymiadau y gellid cyflwyno fformiwla ar gyfer dosbarthu'r SPF ar draws y DU nad yw'n seiliedig ar angen yn unig, ond sy'n anelu at ddosbarthu'r cronfeydd hyn yn fwy eang trwy ddefnyddio fformiwla seiliedig yn rhannol ar faint y boblogaeth. Mae'n anochel y byddai hyn yn lleihau'n sylweddol yr ariannu a fyddai ar gael i ardal Gorllewin Cymru a'r Cymoedd.
- Gwanhau neu ddileu y seiliau cymdeithasol, yn hytrach nag economaidd, ar gyfer dosbarthu cyllid, fel a geir yn achos Cronfa Gymdeithasol Ewrop ar hyn o bryd. Tra ein bod yn cefnogi cyllido ar gyfer adfywio economaidd, credwn fel eglwysi Cristnogol y dylid mynd



i'r afael ag achosion cymdeithasol hirdymor difreintedd economaidd – megis anabledd a salwch hirdymor, dibyniaeth, troseddu – trwy gyfrwng rhannu cyfoeth y DU. Mae hyn yn fater o'r pwys mwyaf i Gymru gan fod Cronfa Gymdeithasol Ewrop yn 2014–20, o ran y cronfeydd a ddyrannwyd erbyn Ebrill 2016, yn gwario £101.53 y pen yn ardal Gorllewin Cymru a'r Cymoedd, mwy na dwywaith y raddfa mewn unrhyw ran arall o'r DU.<sup>1</sup>

1.3 Mae ein heglwysi a'n caplaniaid sy'n gwasanaethu'r gymuned wledig yn parhau i ddweud fod yna bryder ac ansicrwydd dwys yn y gymuned amaethyddol a'r sawl sy'n economaidd ddibynnol arni ynghylch dyfodol taliadau amaethyddol. Yr ofnau a fynegir gan aelodau eglwysi cefn gwlad yw y bydd cymunedau gwledig yn wynebu poblogaeth sy'n heneiddio'n gynt na gweddill y wlad, gwasanaethau iechyd anghynladwy, pobl ifainc yn symud i'r trefi am waith a darnio'r ffordd o fyw gan achosi difrod difrifol i'r iaith Gymraeg. Credwn y dylid felly targedu unrhyw drefn newydd o gefnogaeth ariannol ar gynnal amaethyddiaeth fel un o ddiwydiannau cynhyrchu prin Cymru. Rydym yn ymwybodol fod yr ansicrwydd presennol ynghylch a fydd y materion hyn yn cael eu penderfynu ar lefel y DU neu Gymru yn achosi anhawster i Lywodraeth Cymru, ond byddem yn pwyso ar Lywodraeth Cymru i wneud trefniadau priodol ar y sail y bydd angen i Gynulliad Cenedlaethol Cymru a Llywodraeth Cymru wneud penderfyniadau allweddol.

## **2. Pa gyngor, cefnogaeth neu gymorth yr ydych wedi'i dderbyn gan Lywodraeth Cymru hyd yn hyn wrth baratoi ar gyfer Brexit?**

Nid ydym yn ymwybodol ein bod wedi derbyn unrhyw gyngor penodol. Rydym yn deall fod awdurdodau lleol sy'n ariannu rhai o'n cynlluniau cymunedol lleol wedi bod yn trafod cynllunio ar gyfer trefniadau cyllido i'r dyfodol, a bod gwaith wedi'i wneud i dynnu sylw Llywodraeth y DU at yr anghenion cyllido fydd yn parhau wedi i ni ymadael â'r UE. Ond, hyd y gwyddom, nid yw hynny wedi esgor ar ymateb gan Lywodraeth y DU hyd yma.

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<sup>1</sup> <http://policyinpractice.co.uk/brexit-whats-next-esf-local-authorities/>

3. Pa ystyriaethau ariannol sydd wedi codi o ganlyniad i'r ffaith fod y DU yn ymadael â'r Undeb Ewropeaidd, a beth ddylid ei wneud i baratoi ar gyfer y rhain?

Gweler para 1.2 uchod.

4. Pa gyngor neu gefnogaeth yr hoffech ei weld gan Lywodraeth Cymru a fydd yn eich helpu chi a'ch sector i baratoi ar gyfer Brexit?

Rydym yn ymwybodol mai'r anhawster sy'n wynebu Llywodraeth Cymru yn yr amgylchiadau hyn yw'r anhawster sy'n wynebu'r DU gyfan, sef ei bod hi'n anodd iawn paratoi ar gyfer yr hyn na wyddom. Rydym yn ymwybodol o'r ymdrechion a wneir drwy'r JMC (EN) ac mewn ffyrdd eraill i roi pwysau ar Lywodraeth y DU i ffurfioli ei safbwyntiau a bwrw ymlaen â'r trafodaethau.

Rydym yn ymwybodol hefyd o'r trafodaethau yn siambr y Senedd fod unrhyw drafod am baratoadau i ymadael â'r UE yn parhau i fod yn hynod ddadleuol yn wleidyddol, ac i lawer o'r trafod fethu â symud ymlaen o'r dadleuon a ddefnyddiwyd gan y naill ochr a'r llall yn refferendwm Mehefin 2016. Tra ein bod yn gwerthfawrogi'r anawsterau sy'n wyneb pawb mewn safleoedd gwleidyddol ar hyn o bryd, byddem yn pwysu ar i bob ymdrech gael ei wneud i geisio consensws traws-bleidiol ac, yn bwysicach yn yr achos yma, consensws rhwng y sawl a ymgyrchodd i Adael a'r sawl a fu'n ymgyrchu i Aros, fel y gellir cynnig arweiniad unedig i'r cyhoedd ac i Lywodraeth y DU o leiaf am rai materion allweddol (megis mater dinasyddion yr UE, gweler 1.1 uchod).

Rydym yn bwriadu trefnu rhai cyfarfodydd cyhoeddus yn ystod 2018 mewn gwahanol rannau o Gymru i weld a allwn ni fel eglwysi gyfrannu at drafodaeth gyhoeddus fwy adeiladol a chymodlon.

Our submission highlights the joint concern from the Academy of Medical Royal Colleges and the Academy of Medical Royal Colleges Wales about what needs to happen to maintain the quality and standards of health and social care in the UK following the decision to withdraw from the EU.

Please note that this is a consensus view from Academy membership through discussion and may not fully represent the expressed views of individual member colleges and faculties.

## About the Academy of Medical Royal Colleges Wales

- The Academy of Medical Royal Colleges Wales (Wales Academy) brings together the voices of its member colleges and Faculties for overarching generic issues around healthcare.
- The Wales Academy role is to promote, facilitate and at times, coordinate the work of the

## Medical Royal Colleges and their Faculties for the benefit of patients and healthcare in Wales.

- The Wales Academy is an independent committee accountable to the Academy of Medical Royal Colleges (AoMRC) board of trustees. We aim to work collaboratively with the AoMRC and be the Welsh voice within that but responding to the unique needs and systems of Wales.

## Initial Response

1. Whatever the views of member organisations or individuals on the merits or otherwise of the decision to leave the EU, the joint concern of both the AoMRC and the Wales Academy is about what needs to happen to maintain the quality and standards of health and social care in the UK following the decision to withdraw from the EU.

2. It is our joint hope that the best aspirations of the Leave campaign can be delivered and the worst predictions of the Remain campaign are avoided.

3. Royal Colleges have identified a number of areas which must be addressed as part of the Brexit negotiations (highlighted in Question One). These include:

- Recognition of medical qualifications
- Maintaining medical research links and funding
- Continued cooperation on public health issues
- Reciprocal healthcare arrangements and
- Regulation of medical devices.

4. These, however, are technical issues. The Wales Academy believes the greatest challenge will be the likely impact on the size and skills base in both health and social care. All levels of the health and social care system rely heavily on staff from the EU and could not operate effectively without them. This concern should also be considered in the context of current staff shortages which affects all specialties.

5. Overall, there has been a long-held belief within Colleges that the UK must train more doctors and healthcare staff. Following the referendum result, the need for the UK to train more health and social care staff has become critical.

## Question One

What are the main issues facing your sector as a result of the UK's withdrawal from the European Union, and how should the Welsh Government respond to these?

### Response:

6. Following consultation with its member organisations the AoMRC has agreed:

- A set of principles that should be followed to maintain quality and standards in the NHS, healthcare and public health following the decision to leave the EU
- Specific issues that will need to be addressed by Government or other national bodies in negotiations on withdrawal from the EU.

## Overarching principles

7. The AoMRC has agreed the following overarching principles which should both guide Government negotiators and be used as a benchmark to judge proposals from Government:

- Health is international
- Ensuring the continued protection of the public's health in terms of both communicable diseases and environmental standards
- Ensuring that the health inequalities gap is not widened and indeed addressed through economic development targeted at highest need areas
- Support for the continued free movement of clinical and academic medical and health workforce staff (subject to appropriate standards) needed to resource the NHS from medical school to consultant and GP

- Ensuring academic and research links including medical science and funding streams remain open and are maintained as part of a competitive programme
- Ensuring the unencumbered flow of scientific and academic data
- Ensuring there is a clear route for national and international medical opinion to UK Government and devolved nations
- Ensuring involvement for key UK and devolved nation health agencies with European and linked International bodies e.g. medicine regulation, specialty bodies
- Maintenance of uniform, agreed clinical and educational standards instituted by the medical royal colleges and faculties
- Protecting safeguards for worker health currently enshrined in EU regulatory framework Issues for Government and national agencies to address

## Issues for Government and national agencies to address

The AoMRC has identified the following specific issues will require action by Government or other national bodies.

### Retention and recruitment of EU staff

8. An estimated 144,000 EU nationals work in health and social care in England with additional staff working in services in Northern Ireland, Wales and Scotland.

9. Clearly the system could not be sustained if that workforce was lost and we believe it is essential that commitments are given to them in terms of their future. We believe action is vital to reassure EU staff of their value, to stop significant departure of staff and to maintain services.

10. In the longer term we believe that the NHS will continue to need EU and other overseas staff in clinical and non-clinical posts at all levels to maintain services. Specifically in terms of medicine, the AoMRC believes the availability of medical staff from the EU should not be restricted.

## Science and research

11. The UK scientific community is concerned about the impact of leaving the EU on UK science and research and this is particularly applicable in relation to medical science. The UK's success in attracting EU research funding reflects its acknowledged position as a leader in research and innovation which Brexit potentially puts at risk to the detriment not only of the UK but also the rest of the EU.

12. The Academy of Medical Sciences has identified three threats. Firstly funding – the UK has hugely benefited from EU research funding, receiving €8.8 billion between 2007–2013 despite only contributing €5.4 billion to the EU research budget over the same period and it has also been hugely influential in how funding is allocated. Secondly, the potential restrictions to the free movement of talent undermining the benefits of collaboration. Thirdly, the value of EU research regulations on issues such as clinical trials, data sharing and animal testing etc. The Brexit negotiations must develop clear and coherent plans to safeguard scientific research in the UK.

## Regulation of Medicines and health procedures

13. The regulation of medicines (including medical devices and in vitro diagnostic testing) both for those under development and as approved products in the UK is heavily reliant on the Regulations and Directives that come from the EC via the European Medicines Agency (EMA).

14. Should the EMA move from London, as seems probable, we believe this would diminish the UK's influence in regulation, research and innovation. The UK will have to re-write much of its own legislation to cover this following withdrawal.

15. If not part of the EMA we would be unable to participate in the European wide approval system for new medicines and the revisions to already approved products, to participate in the Orphan Drug Designation and the Small to Medium Sized Enterprise schemes that the EMA operate or to participate in the specific centralised approval process for paediatric drugs and the process that supports new medicines development for children. We would also lose access to the EU wide Pharmacovigilance networks and the EU Clinical Trials

## Database

16. The European Union Organ Donation Directive (EUODD) sets minimum standards that must be met across all Member States in the EU, ensuring the quality and safety of human organs for transplantation. NHS Blood and Transplant implements the EU rules on the procurement, storage, use and monitoring of all human tissue and blood in the UK. Decisions will need to be made about future arrangements.

## Communicable Diseases Network

17. Our specific concerns are around health scourges that don't respect international boundaries. These include disease epidemics and infection as well as antimicrobial resistance. It will be essential to ensure that the UK can continue to participate in the European Centre for Disease Prevention and Control.

## Environmental legislation and public health protection

18. We are concerned to protect the regulation that has maintained food safety, air, water and environmental quality and maintained health workplaces and employment conditions



## Working Time

19. The European Working Time regulations have been a matter of controversy and the lack of flexibility a cause for concern for some groups. Withdrawal gives the opportunity to develop proposals which explicitly suit the needs of the UK health service. But whilst some people would welcome greater liberalisation of the regulations there are many who would be very concerned to see the current protections lost. Other safeguards to worker health that have been established through EU regulations

20. Requirements for health and safety in the workplace and the promotion of health employment need to be retained.

21. In terms of NHS staff, under the framework directives the requirements to strengthen assessment of and protection from exposure to chemical agents (e.g. Latex, glutaraldehyde, cytotoxic), biological agents (blood borne pathogens, viruses etc.), physical agents (radiation) have been considerably strengthened in the EU.

## Recognition of qualifications and education issues

22. There are a range of issues relating to the regulation and education of health professionals which will need to be addressed. These include transferability and recognition of European qualifications for doctors, routes of access to the specialty register (CESR/CEGPR and CCT), and requirements for language testing. It is recognised that in some instances Brexit may provide the opportunity for a more flexible approach which suits UK requirements which has been called for on a number of issues. There will, however, be issues where Colleges would want to see consistency maintained on a UK-wide basis.

## Infrastructure expenditure

23. Infrastructure projects affecting communities such as transport links, leisure facilities, community enterprises and support to businesses leading to threats to employment and wellbeing. These are more likely to affect areas of higher deprivation and increase the risk of greater inequalities.

## Procurement

24. At present there are EU wide rules regarding procurement of public projects through open tender through OJEU (Official Journal of the European Union). Whilst this is obviously not an issue exclusive to healthcare the NHS will need clarity over the rules for public project procurement in the future.

## Reciprocal Health Arrangements/EHIC

25. There are approximately 2 million UK citizens currently living, working and travelling in the EU, with 380,000 living in Spain alone. Currently, EU membership entitles our citizens access to the host country's public healthcare system on the same basis as the indigenous population. There has to be clarification if current EHIC arrangements would continue to operate. Post-Brexit, it remains to be seen what the impact on the NHS would be of large numbers of ex-pats returning to the UK to access healthcare, particularly as many will be older people with more complex needs. Emphasising the requirement for continued full involvement in EU activity until departure.

26. It is important for so long as the UK remains a member of the EU it continues to be included in current decision making processes. There has been anecdotal evidence of people being excluded from participation in meetings or events as a result of the referendum decision.

## Likely types of solution

27. The AoMRC has identified three potential categories into which we think solutions will fall.

These would seem to be

- Continued access to current arrangements. Non EU countries are participants in various current arrangements for example in the public health field. This may, however, depend on the wider issue of whether the UK remains part of the EEA
- Replication of current desired arrangements or requirements at UK level
- Replacement of undesired current arrangement with better and more appropriate UK alternatives or indeed simply abandoning of undesired measures.

## Conclusion

28. The AoMRC, Wales Academy and colleges do not claim to have solutions to all the issues raised and there may, indeed, be additional issues that come to light. Most are highly complex with no simple or single solution although it would appear that remaining part of the single market would address a number of issues. However all will need to be addressed and solutions found if the quality of the UK's health and care system is to be maintained and the health of the public protected.

29. It is essential that the health community and those with specific expertise are actively involved and listened to before and during the negotiation process. The AoMRC is part of the Cavendish Coalition of health and social care employers, professional bodies and trades unions which can provide a common and coherent voice on workforce issues and we would hope the Government would ensure it engages with this important grouping.

30. Medical royal colleges, faculties and the Wales Academy would wish to engage directly with Welsh Government and other appropriate agencies to discuss what would provide the best solutions for healthcare, patients and citizens in Wales.

## Question Two

What advice, support, or assistance have you received from the Welsh Government to date in preparation for Brexit?

### Response:

31. To date we have received nothing; we would of course welcome advice, support, or assistance from Welsh Government. The Wales Academy provide a unique voice in Wales, we would welcome engagement with Welsh Government in preparation for Brexit and other appropriate agencies to discuss what would provide the best solutions for healthcare, patients and citizens in Wales.

## Question Three

What financial considerations have arisen as a result of UK's withdrawal from the European Union and what should be done to prepare for these?

### Response:

32. The AoMRC outlined position on financial considerations in our 'Brexit Position Statement' (July 2017).

"Whilst not an issue for Brexit negotiations the implications for the funding of the NHS and other public services post Brexit are crucial. The promised Brexit funding bonanza does not seem likely. A potential influx of UK citizens living in Europe (300,000 alone in Spain) seeking NHS treatment if there are no reciprocal arrangements will place additional strain on services." [1]

33. In relation to healthcare services, the UK is a net beneficiary for research grants and one of the most successful countries at securing funding from the EC. The EU research and innovation budget for 2014–2020 is around €120bn [2]. A lack of access to EU-wide clinical trial research projects will have a direct impact on our ability to secure good patient outcomes, particularly for rare conditions. Projects funded by the EU have enrolled over 340,000 patients [3] to clinical trials so far with the UK leading the way in Europe for conducting clinical trials. [4]

34. Major clinical centres are now questioning whether they should participate in global clinical studies at phase II and phase III if there is no guarantee of NHS funding post-study and if reimbursement timelines become prohibitively long. This will have a significant impact on patients with rare or serious, life-threatening disease for whom novel therapies might be transformational.

35. Additionally, In submission to the Parliamentary Review into Health and Social Care in Wales, The Wales Academy outlined a need to fund social care services in order to relieve pressures in primary care and work towards more integrated services. [5] Any potential negative impacts to NHS funding to social care post Brexit would greatly affect the longer term vision outlined in the review.

## Question Four

What advice or support would you like to see from the Welsh Government that will help you and your sector to prepare for Brexit?

## Response:

36. Royal Colleges have identified a number of areas which must be addressed as part of the Brexit negotiations (highlighted and detailed in Question One). These include:

- Recognition of medical qualifications
- Maintaining medical research links and funding
- Continued cooperation on public health issues
- Reciprocal healthcare arrangements and
- Regulation of medical devices.

37. These, however, are technical issues. The Wales Academy believes the greatest challenge will be the likely impact on the size and skills base in both health and social care. All levels of the health and social care system rely heavily on staff from the EU and could not operate effectively without them. This concern should also be considered in the context of current staff shortages which affects all specialities.

38. The exact shortfall of any given speciality faces changes from year to year, but, the current problem is particularly prevalent in General Practice and acute medicine. This problem is exacerbated by a general lack of ‘boots on the ground’, provided by nurses and allied healthcare professionals, which could be worsened by the threat Brexit poses to freedom of movement of people, if not sufficiently addressed in negotiations.

39. Overall, there has been a long-held belief within Colleges that the UK must train more doctors and healthcare staff. Following the referendum result, the need for the UK to train more health and social care staff has become critical.

40. The Wales Academy would hope for a plan B if the effect on our Health and Social Care workforce is going to be detrimental:

- Train and retain more

- Recruit from other parts of the world
- Different roles for Health Care providers like Advanced Nurse Practitioners etc.

41. Medical royal colleges, faculties and the Wales Academy would wish to engage directly with Welsh Government and other appropriate agencies to discuss what would provide the best solutions for healthcare, patients and citizens in Wales.

## Additional Reading

‘Priorities for health and social care in the negotiations on the UK's withdrawal from the European Union’, House of Commons Health Select Committee Inquiry, AoMRC, October 2016 [http://www.aomrc.org.uk/wp-content/uploads/2016/10/Brexit\\_Health\\_Social\\_Care\\_Inquiry\\_251016.pdf](http://www.aomrc.org.uk/wp-content/uploads/2016/10/Brexit_Health_Social_Care_Inquiry_251016.pdf)

‘Brexit – Position Statement’, AoMRC, July 2017

[http://www.aomrc.org.uk/wp-content/uploads/2017/08/2017-07-26\\_Brexit.pdf](http://www.aomrc.org.uk/wp-content/uploads/2017/08/2017-07-26_Brexit.pdf)

## Introduction

The National Trust is Europe's largest conservation charity with 5 million members and is the UK's largest private landowner and farmer with some 250,000 hectares of land and 1,800 agricultural tenancies.

In Wales we are the guardians of 18 of the finest castles, houses, gardens and heritage sites and ten of the 14 mountains that reach 3000ft or more in Wales. We care for 157 miles of Wales's coastal land as part 46,000 hectares of land overall that we manage. We look after one-eighth of the Sites of Special Scientific Interest in Wales and 30,000 hectares of our land is priority habitat managed primarily for nature. Some 450 full time equivalent staff posts, 2,200 regular volunteers and 240 farmer tenants look after these special places and help more than 1.3 million visitors enjoy our coast, countryside and built portfolio each year. In 2017-18 our conservation expenditure in Wales will total £10.5m.

We are playing our part in securing the sustainable use of natural resources and have introduced pioneering and innovative renewable energy and efficiency measures to reduce our use of fossil fuel energy in Wales by 48%.

Our vision is for land management that has a low environmental impact that protects and safeguards natural resources – nurturing and harvesting them, not mining or wasting them – helping to inspire the nation to connect with its natural environment as a whole.

Under our new strategy, we are committed to developing innovative ways of managing land on a scale which are good for farmers, the economy and the environment – the overall goal being to secure the recovery of nature. Brexit poses both a challenge to an opportunity for that vision.

As a significant land owner we work with Visit Wales and Wales Historic Environment Group (including the EU Transition Group) to help shape policies,



management and funding of the historic environment and other tourism assets to help deliver sustainable growth. In 2017 we have engaged with the Welsh Government Environment and Rural Affairs Roundtable Land Use working group to assist the Cabinet Secretary and Welsh Government officials with expertise and leadership to:

- Help shape Welsh Government's future land use strategy for rural Wales
- Identify a range of policy opportunities to inform delivery of the land use strategy

**1. What are the main issues facing your sector as a result of the UK's withdrawal from the European Union, and how should the Welsh Government respond to these?**

We believe that the UK's withdrawal from the European Union presents an opportunity to establish an ambitious and environmentally responsible land management policy. We need to create a situation in which sustainable and forward-looking land based businesses can thrive and deliver what the nation and the public want, within a framework of protection and restoration of all aspects of our precious natural and historic environment.

Another opportunity which withdrawal presents is to develop bespoke approaches to environmentally responsible heritage based tourism that not only grow jobs and skills, especially in rural areas but also can deliver health and well-being benefits. Our upland communities in particular face challenges in maintaining heritage assets and maximising economic and social gains through their sympathetic use and reuse. In our market towns and more urban areas, local authorities lack the resources to maintain heritage parks and other assets.

A third area of opportunity is in the area of renewable energy and energy efficiency. In Wales we have with the benefit of EU funding been at the forefront of renewable energy/energy efficiency development within heritage environments. A good example is the tidal heat exchanger at Plas Newydd, Anglesey. Withdrawal provides the opportunity to simplify and overcome obstacles preventing the wider uptake of both tried and tested and innovative solutions to reduce CO2 and other greenhouse gases utilising heritage assets.

We face a number of immediate issues as a result of the UK's withdrawal from the European Union

**(i) Risks and potential opportunities to farm businesses, and impact on National Trust rental income –**

- Many National Trust tenants in Wales farm upland and marginal land for livestock production. We see risks to those farming communities, most acutely within the sheep sector, and the very people who act as stewards for the majority of our countryside.
- Risk of reduction in farming employment and amalgamation of farm holdings with associated risk of depopulation.
- Lack of certainty around the shape and timescale for post-Brexit agricultural policy and support, impacting on the work needed to plan and build the long-term resilience of the natural assets which underpin farm businesses
- Damage to value of Welsh Lamb and Beef brand arising from any decline in environmental and animal welfare standards

*Potential for*

- Better opportunities for younger farmers and new entrants to access land
- Growth of resilient farm businesses underpinned by regeneration of natural resources
- Better local supply chains

*In response to these issues, we believe Welsh Government should*

- Continue to seek assistance, expertise and leadership from external stakeholders
- Continue to invest public funds to avoid shocks and help to secure a long-term future for farming by protecting the land and nature on which it depends, and safeguarding the countryside's beauty and heritage which draws in people to visit and enjoy it.
- Increase investment in knowledge transfer to equip farmers with the skills required to assess and manage their farm business risks and develop new farm business opportunities
- Continue to support the development of new land management schemes that regenerate natural resources

- Understand the Brexit risk profile (social, economic, environmental and cultural well-being) of a given area and model how this may be mitigated by new land use policy
- Include transition assistance e.g. some “pump prime” funding to help farmers reach a baseline or prepare for new environmental markets, loans to help introduce new technology and consider new products for different markets
- Include a combination of different mechanisms (e.g. contract-based multi-annual payments, advice, tax reliefs, capital grants and loans) and wider policy levers (e.g. regulation and codes of practice backed by institutions) to help farmers adapt to and capitalise on a new policy environment.

**(ii) Environmental risks and opportunities relating to a lack of funding**

- Risk of farming intensification or under-management of land, with increased risk of failure to improve condition of priority habitats and species, archaeological sites and natural resources (soils, water, carbon).
- Impacts on sustainable land management and loss of the positive steps being taken through current agri-environment schemes.
- Reduction in revenue from the National Trust’s let-estate with knock-on impact on our capacity to deliver and support sustainable land management across all National Trust land in Wales.
- Loss of funding to reverse the decline in priority habitats and species and to address climate change adaptation and mitigation.
- Loss of funding to jointly address cross-border environmental challenges/to take advantage of opportunities with neighbouring countries.

*Potential for*

- Opportunity to deliver value-for-all public money in the ways sustainable land management is implemented and in the benefits it delivers to wider society.

- Enrichment of nature value of fridd habitat through increase in tree regeneration and cover

*In response to these issues, we believe Welsh Government should*

- Continue to develop post-Brexit strategies and economic models for farming and land management that recognise the vital and integral role played by natural resources
- Transition toward new arrangements at a pace that allows time for land managers to adapt, and for new policies to be piloted
- Start from the principle of public money for public benefit as the justification and most equitable means to achieve taxpayer value, with the majority of funding supporting the most effective and efficient approach to environmental land management
- Seek continued access to LIFE funding or develop a domestic equivalent that would enable the restoration of habitats and species; and address climate change adaptation and mitigation needs;
- Seek continued access to Horizon 2020 and to Interreg funding streams to enable Wales to continue to benefit from research and/or cross-border collaborations in areas such as climate change, renewable energy, cultural heritage, tourism and sustainable agriculture, forestry and fishing.

With RSPB and Wildlife Trusts, we will be publishing research in November 2017 on the scale of need that any funding will need to address. This will cover what will be needed to meet nature and heritage targets and based on a model of every hectare of land in the UK. Alongside other funding to help farmers to adapt and with rural development funding, we will be calling for a continuation of the overall levels of UK funding of at least £3bn per year.

**(iii) Risks and potential opportunities from post-Common Agricultural Policy (CAP) place-based land management systems**

- Failure to develop schemes that support sustainable use of natural resources
- Failure to incorporate previous experience and best practice
- Overly complex scheme, relevant objectives not communicated clearly to local stakeholders, impractical / highly technical monitoring
- 

*Potential for*

- Farming and land management to become more sustainable and remain productive whilst restoring nature and the resilience of ecosystems and the benefits they provide, improving the social, economic, environmental and cultural well-being of Wales.
- Landscape or catchment scale delivery of policy.
- New land management schemes based on clear, long-term outcomes
- Opportunity for new place based land management support, tailored to sites/areas, shaped by local stakeholders, focussed on results (payments for outcomes, not outputs) and with viable levels of financial support to land managers

*In response to these issues, we believe Welsh Government should*

- Bring forward an integrated land use policy and support system to deliver sustainable use and management of natural resources.
- Continue to encourage or allow for collaboration – farmer to farmer, farmer to agency
- Incorporate learnings from Rural Development Programme and stakeholder input into new place based land management systems and support schemes
- Retain responsibility for Wales' agricultural and environmental policy and operate this within a framework of common principles and standards across all four nations, agreed jointly by all four countries to avoid a race to the bottom and to address cross-border issues.
- View the natural and historic environment with parity, approaching public support on a whole farm and no detriment basis i.e. not damaging an environmental asset whilst being paid to maintain another, achieving one environmental objective not prejudicing another.

- Support the development of new environmental markets which would pay for products that go beyond but complement top quality food production, helping secure additional private funding for farming and land management. There is opportunity to develop new income streams from market based approaches. For instance, work by the National Trust and Green Alliance on the potential for “natural infrastructure schemes” shows how this concept can be put into practice. Using a hypothetical scheme in NW England, it would enable upland farmers to earn new income and make a profit (estimated profit above costs of £15k per year for 15 years) by entering into private water management contracts with businesses and organisations in areas susceptible to flooding.
- Commit to long-term thinking and engage farmers in the journey: move to a system which buys results and sets a destination, not just activity. As part of this, we would like to see farmers, land managers, investors and planners given a clear end date for any transition.

#### **(iv) Risks from post-Brexit CAP and other regulatory changes**

- Watering down of environmental and animal welfare regulation leading to decline in standards
- Continuation of prescriptive approach to achieving regulatory goals eg nitrate pollution – and failure to develop outcome based models
- Loss of State Aid exemptions for heritage and cultural projects that can aid economic growth

#### *Opportunity to*

- Test new approaches that go beyond what might be possible under current EU frameworks. Welsh Government is starting to explore this through the Sustainable Management Scheme and the scoping consultation ‘Taking Forward Wales’ Sustainable Management of Natural Resources’ (2017).
- Facilitate new approaches to funding heritage based tourism development, building on the TISS scheme

*In response to these issues, we believe Welsh Government should*

- Invest in Natural Resources Wales to ensure that they can effectively undertake regulatory duties relating to environmental protection and can take on additional enforcement functions from the EU.
- Work with UK government to ensure that all existing EU environmental law related laws required to be coherent with environmental law (including preambles, principles and jurisprudence) are converted into domestic law.
- Work with UK government to ensure that domestic laws made through secondary legislation to implement EU obligations are saved.
- New domestic governance arrangements will be required to ensure equivalent provision of the regulatory, monitoring, oversight, accountability, enforcement and other functions currently provided by EU institutions.
- Work with the UK government to ensure that state aid exemptions are retained for heritage, culture, sport and recreation projects.
- Future regulations should be clearly related to and underpin outcomes, with 100% of any public payment being conditional on meeting higher but more manageable baseline standards for wildlife, soil and water and so on.

(v) Risks from reduced funding for heritage based tourism and economic growth

- Failure to maximise the employment, social, health and well-being benefits arising from environmentally responsible heritage based tourism development

*Opportunity to*

- Maximise domestic and international tourism derived economic growth through developing environmentally responsible heritage

based tourism especially in areas of deprivation. Past examples include Aberdulais Falls in Neath Port Talbot;

- Maximise the ability of the natural and built heritage to reduce CO2 and other greenhouse gas emissions, to increase energy efficiency and to generate renewable energy. When implemented in areas of high deprivation this also presents the opportunity to help reduce fuel poverty of occupiers of traditional buildings.
- 

*In response to these issues, we believe Welsh Government should*

- Develop funding mechanisms free of the constraints of EU requirements that facilitate the environmentally responsible restoration and reuse of natural, cultural and built heritage assets across Wales to maximise its contribution to numerous policy objectives
- Build on and develop the TISS, Rural Development Area Wales and other existing grant schemes.

## **2. What advice, support, or assistance have you received from the Welsh Government to date in preparation for Brexit?**

- Farming Connect Advisory Service – access to business efficiency and skills development programme, and the ‘Farming for the future’ roadshows
- Environment and Rural Affairs Brexit Roundtable Land Use Working Group. This has provided some helpful insights into Welsh Government thinking about post-CAP land use, and the forum has been a useful networking opportunity with good potential to stimulate collaboration between participating stakeholders.
- The National Trust’s in-hand farming business is not eligible to apply for the Welsh Government Farm Business Grant as the National Trust has a total turnover exceeding £1 million.



- Otherwise we have not received specific support or assistance from the Welsh Government to date in preparation for Brexit.

**3. What financial considerations have arisen as a result of UK's withdrawal from the European Union and what should be done to prepare for these?**

Please see response to question 1 regarding financial risks to the National Trust arising from risks to farm businesses and environmental funding.

**4. What advice or support would you like to see from the Welsh Government that will help you and your sector to prepare for Brexit?**

- Clarity around the shape and timescale for the development of post-Brexit agricultural policy and support and for allied funding streams to replace LIFE
- Specific farm business planning advice relating to trading scenarios post-Brexit
- Advice regarding maximising the socio-economic and well-being benefits of investment in heritage assets and heritage based tourism
- Increase investment in knowledge transfer to equip farmers with the skills required to assess and manage their farm business risks and develop new farm business opportunities.

## 1. Cyflwyniad

- 1..1. Mae'r dystiolaeth hon wedi'i pharatoi mewn ymateb i ymgynghoriad pwyllgor y Cynulliad Cenedlaethol ar ymateb gweinyddol ac ariannol Llywodraeth Cymru i Brexit.

### 1..2. Ynglŷn â Chyngor Gweithredu Gwirfoddol Cymru

Cyngor Gweithredu Gwirfoddol Cymru (WCVA) yw'r mudiad aelodaeth cenedlaethol i'r trydydd sector yng Nghymru. Ein gweledigaeth yw dyfodol lle mae'r trydydd sector a gwirfoddoli yn ffynnu, gan wella llesiant i bawb. Ein cenhadaeth yw bod yn gatalydd dros newid positif drwy gysylltu, galluogi a dylanwadu.

- 1..3. Mae WCVA yn Gorff Cyfryngol, sy'n gweithredu ar ran Swyddfa Cyllid Ewropeaidd Cymru, gan ddarparu cyllid drwy'r Cronfeydd Strwythurol a Buddsoddi Ewropeaidd i'r trydydd sector, y sector cyhoeddus a'r sector preifat ledled Cymru.

2. Beth yw'r prif faterion sy'n wynebu eich sector o ganlyniad i'r ffaith fod y DU yn ymadael â'r Undeb Ewropeaidd, a sut y dylai Llywodraeth Cymru ymateb i'r rhain?

## 2..1. Colli cyllid

2..1.1. Mae buddsoddiad yr UE yng Nghymru yn ffynhonnell ariannol sylweddol i'r trydydd sector gan gefnogi llu o fentrau sy'n cyfrannu at adfywio cymdeithas ac economi rhanbarthau mwyaf difreintiedig Cymru. Mentrau na fyddai efallai'n cael eu hariannu drwy ffynonellau domestig.

2..1.2. O dan raglenni Cronfeydd Strwythurol 2007–2013:

Bu i £100m o arian yr UE gefnogi 45 o gynlluniau dan arweiniad y trydydd sector, gan helpu 8,545 o bobl i gael gwaith a 21,825 o bobl i ennill cymwysterau, a chreu 405 o fentrau a 720 o swyddi (gros).

Trwy gontractau a gaffaelir, dyfarnwyd dros £187m (10% o

gyfanswm gwerth contractau a gaffaelir) i'r trydydd sector i gynnal gweithgareddau prosiectau.

2..1.3. O dan raglenni presennol Cronfeydd Strwythurol 2014–2020, hyd yma mae'r trydydd sector yn arwain sawl gweithrediad gwerth dros £80 miliwn ac mae llawer mwy o fudiadau'n cael at gyllid drwy nifer o fframweithiau a chontractau rhanbarthol.

2..1.4. Dylai Llywodraeth Cymru wneud y canlynol:

- cefnogi'r trydydd sector i fod â llais wrth siapio dyfodol y Gronfa Ffyniant a Rennir yng Nghymru.
- sicrhau bod y Gronfa Ffyniant a Rennir (drwy ddefnyddio'r egwyddor partneriaeth) yn buddsoddi yn y trydydd sector ac asiantaethau eraill i gydgyhyrchu gweithgareddau sy'n meithrin gwydnwch a ffyniant yn ein cymunedau mwyaf difreintiedig.

- mynnu mynediad digyfngiad at y rhaglenni cydweithredu trawswladol Ewropeaidd megis Daphne, Development, Education and Awareness Raising (DEAR) ac Erasmus+. Byddai diddymu mentrau sydd dan arweiniad ieuenctid a ariennir drwy Erasmus+ yn rhoi cenhedlaeth iau Cymru dan anfantais sylweddol wrth geisio manteisio ar gyfleoedd cyflogaeth ac addysg Ewropeaidd ar ôl Brexit.

## 2..1. Bil yr UE (Ymadael) a'i fygythiad i ddatganoli

2..1.1. Mae Bil yr Undeb Ewropeaidd (Ymadael) yn ochrgamu tybiaethau presennol ynglŷn â'r ffordd y mae datganoli yn gweithio – sef y dylai pŵer nad yw'n cael ei enwi fel un a gedwir yn ôl gael ei ddatganoli'n awtomatig i Gymru. Pryderwn na fyddai unrhyw bwerau a gymerir gan San Steffan yn cael eu datganoli yn ddiweddarach. Rhaid i unrhyw benderfyniad i wrthdroi pwerau datganoli fod yn agored i gyfranogiad democrataidd priodol.

2..1.2. Mae datganoli wedi annog gweithio'n draws-sectorol yng Nghymru ac wedi rhoi mynediad gwell i'r trydydd sector er mwyn gweithio gyda'r sefydliadau llywodraethu mewn perthynas â datblygu a gweithredu polisïau a chraffu arnynt. Byddai buddion trefniadau ymgysylltu presennol sydd ar gael i'r trydydd sector, fel Cyngor Partneriaeth y Trydydd Sector ac aelodaeth o'r Pwyllgor Monitro

Rhaglenni, yn cael eu colli pe bai rheolaeth yn cael ei thynnu oddi ar Lywodraeth Cymru a'i chadw gan Lywodraeth y Deyrnas Unedig.

2..1.3. Mae hyrwyddo a gwarchod cydraddoldeb a hawliau dynol yn rhan annatod o setliad datganoli Cymru. Mae Cymru wedi dewis atgyfnerthu hawliau drwy fesurau fel Mesur Hawliau Plant a Phobl Ifanc (Cymru) 2011, Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 a Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru)

2014. Ysgrifennwyd y Deddfau hyn yng nghyd-destun datganoli a gallai'r gallu i'r rhain fod yn llwyddiannus gael ei gyfyngu'n ddifrifol pe bai pwerau'n cael eu tynnu oddi ar Gymru.

2..1.4. Pryderwn y byddai'r Bil yn galluogi i'r hawliau a'r mesurau gwarchod hyn gael eu gwanhau (sydd eisoes wedi'i wireddu i ryw raddau drwy'r penderfyniad a wnaed i beidio â chynnwys Siarter Hawliau Sylfaenol yr UE yn y gyfraith ddomestig ar ôl Brexit). Bydd unrhyw wanhad mewn hawliau yn dynodi ychydig iawn o gydnabyddiaeth ar gyfer safbwynt datganoli Cymru.

## 2..2. Cydraddoldeb a Hawliau Dynol

2..2.1. Mewn arolwg ynglŷn â Brexit a gynhaliwyd gan WCVA fis Mawrth eleni, rhoddodd ein haelodau bwyslais ar warchod hawliau dynol ac amgylcheddol presennol a meithrin cydlyniant cymunedol a lleihau troseddau casineb, yn fwy na diogelu cyfleoedd am gyllid i'r sector.

2..2.2. Yn dilyn canlyniad refferendwm yr UE yng Nghymru:

- mae nifer yr achosion a gofnodir o droseddau casineb wedi cynyddu 28%<sup>1</sup>
- mae materion ynglŷn â mewnfudo wedi cynyddu 19%, a 'gwyn – arall' yw'r grŵp mwyaf sy'n chwilio am gyngor<sup>2</sup>
- mae ymholiadau ynghylch dinasyddiaeth genedlaethol wedi cynyddu 63%<sup>3</sup>
- amcangyfrifir bod troseddau casineb yn erbyn menywod Mwslimaidd wedi cynyddu 300%<sup>4</sup>

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<sup>1</sup> Cyngor ar Bopeth Cymru. Chwefror 2017. Cyflwyniad: Information, advice and Brexit.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Women's Budget Group, *If 'Brexit means Brexit' what will that mean for women?*,

2..2.3. Mae'r UE wedi bod megis rhwyd ddiogelwch, gan osod safonau sylfaenol ar gyfer deddfwriaeth cydraddoldebau a hawliau dynol, a mynegwyd amheuan dyfnion ynghylch y posibilrwydd o wanhau'r ymrwymïadau hyn dros amser.

2..2.4. Mae'r Gynghrair Cydraddoldeb a Hawliau Dynol, a hwylusir gan WCVA, wedi paratoi papur ar effaith Brexit ar gydraddoldeb a hawliau dynol. Ceir ynddo nifer o argymhellion, gan gynnwys sawl un ar gyfer Llywodraeth Cymru. Mae'r papur ar gael yma.

## 2.3. Iechyd a gofal cymdeithasol

2..3.1. Mae mudiadau trydydd sector yn chwarae rôl allweddol yn darparu iechyd a gofal cymdeithasol yng Nghymru, gan gefnogi pobl ag anableddau, pobl hŷn a'r rheini â chyflyrau iechyd cronig. Mae'r sector iechyd a gofal cymdeithasol yn dibynnu'n helaeth ar weithwyr sy'n mudo o'r UE ac mae Brexit yn dwysáu'r anawsterau sydd ynghlwm wrth recriwtio a chynnal gweithlu cymwys.

## 3. Pa gyngor, cefnogaeth neu gymorth yr ydych wedi'i dderbyn gan Lywodraeth Cymru hyd yn hyn wrth baratoi ar gyfer Brexit?

3..1. Mae Swyddfa Cyllid Ewropeaidd Cymru wedi ymgysylltu â'r sector drwy WCVA a'i gweithrediadau eraill a arweinir gan y trydydd sector ers canlyniad y refferendwm. Byddai WCVA yn fwy na pharod i hwyluso ymgysylltu pellach rhwng Swyddfa Cyllid Ewropeaidd Cymru a'r sector. Rydym yn ymwybodol bod Adran yr Amgylchedd a Materion Gwledig wedi ymgysylltu â grwpiau trydydd sector wrth gynllunio ar gyfer Brexit.

3..2. Mae WCVA wedi bod yn rhan o drafodaethau ar lefel strategol, gan gynnwys drwy'r Grŵp Cyngori Allanol ar Brexit, a Gadeirir gan Mark Drakeford. Rydym hefyd wedi hwyluso trafodaeth rhwng cynrychiolwyr y trydydd sector a Llywodraeth Cymru ynghylch Brexit mewn cyfarfod diweddar o Gyngor Partneriaeth y Trydydd Sector. Mae safbwynt Llywodraeth Cymru ar Fil yr UE (Ymadael), a'r diwygiadau a gyflwynwyd o ganlyniad, wedi rhoi eglurder ynghylch barn Llywodraeth Cymru ar lefel strategol.

3..3. Serch hynny, nid ydym yn ymwybodol o gyngor, cefnogaeth na chymorth uniongyrchol gan adrannau eraill o Lywodraeth Cymru mewn perthynas â Brexit. Ychydig iawn o wybodaeth sydd wedi'i chyfathrebu ynghylch beth mae Brexit yn ei olygu mewn gwirionedd i Gymru.

**4. Pa gyngor neu gefnogaeth yr hoffech ei weld gan Lywodraeth Cymru a fydd yn eich helpu chi a'ch sector i baratoi ar gyfer Brexit?**

4..1. Mae ar y sector angen deialog clir, agored a hygyrch ynglŷn ag i ba gyfeiriad rydym yn mynd. Mae'n hynod o anodd ymgysylltu â thrafodaeth Brexit os na wyddom beth rydym yn ymgysylltu ag ef.

4..2. Mae'r trydydd sector yn chwarae rôl hanfodol mewn cymdeithas yn hyrwyddo gwerthoedd positif, gan fod yn llais dros grwpiau mwy ymylol a datblygu atebion creadigol i rai o broblemau mwyaf cymdeithas.

4..3. Mae WCVA yn credu ei bod yn hanfodol bod y trydydd sector a chymdeithas sifil ehangach yn cael eu cynnwys yn llawn mewn dadleuon a phenderfyniadau ynghylch Brexit er mwyn sicrhau canlyniadau gwell i bawb.

4..4. Enghraifft dda o gefnogi cyfranogiad yn y materion cymhleth hyn yw'r Cynulliad Dinasyddion ar Brexit, a hwylusir gan Involve, un o bartneriaid

y prosiect Arloeswyr Llywodraeth Agored, a gynhelir gan WCVA yng Nghymru.

## 5. Trafodaeth

5..1. Os dymunir, byddem yn fwy na pharod i drafod y pwyntiau hyn ymhellach neu unrhyw bwyntiau eraill mewn perthynas â'r ymgynghoriad hwn.



1. Mae Cymdeithas Llywodraeth Leol Cymru (WLGA) yn cynrychioli'r 22 awdurdod lleol yng Nghymru. Mae awdurdodau'r tri gwasanaeth tân ac achub a'r tri pharc cenedlaethol yn aelodau cyswllt.
2. Ein nod yw cynrychioli awdurdodau lleol yng nghyd-destun fframwaith polisi sy'n bodloni blaenoriaethau ein haelodau. Rhaid i'r fframwaith gyflwyno ystod eang o wasanaethau sy'n ychwanegu gwerth at lywodraeth leol yng Nghymru a'u cymunedau.
3. Mae WLGA yn croesawu'r cyfle i roi sylwadau yn rhan o'r ymchwiliad gan y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol ynghylch pa mor barod yw Llywodraeth Cymru ar gyfer Brexit.
4. Isod ceir sylwadau am bob un o'r cwestiynau a restrir yng nghylch gorchwyl yr ymchwiliad.

**Beth yw'r prif anawsterau y mae eich sector yn eu hwynebu o ganlyniad i Brexit, a sut ddylai Llywodraeth Cymru ymateb i'r rhain?**

5. Mae'r prif anawsterau i fyd llywodraeth leol yn ymwneud â phedair maes yn benodol – deddfau, polisiâu, arian a'r effaith economaidd leol. Llywodraeth leol sy'n gweithredu llawer o'r deddfau sy'n deillio o gyfraith Undeb Ewrop (UE). Mae'r rhain ar waith yn rhan o fframwaith rheoliadol a pholisiâu ar draws UE, ac mae'n cael arian o ystod o raglenni Ewropeaidd. Bydd newidiadau ym mhob un o'r meysydd hyn yn effeithio ar awdurdodau lleol yn uniongyrchol.

Bydd hefyd yn effeithio ar wasanaethau llywodraeth leol yn anuniongyrchol wrth i Brexit effeithio ar amodau economaidd lleol.

6. O dan Fesur Ymadael ag UE, bydd holl ddeddfau presennol UE yn cael eu copïo a'u cyflwyno'n rhan o gyfraith ddomestig y DG. Gall San Steffan fynd ati wedi hynny i "ddiwygio, diddymu a gwella" deddfau fel y bo angen. Fodd bynnag, ceir dau ffactor cysylltiedig sy'n cymhlethu'r sefyllfa. Yn gyntaf, ni fydd rhannau helaeth o'r ddeddfwriaeth yn berthnasol mwyach gan eu bod yn cyfeirio at sefydliadau a threfniadau UE (e.e. ar hyn o bryd mae'n rhaid hysbysebu tendrau yng Nghyfnodolyn Swyddogol Undeb Ewrop). Yn ail, ceir cynigion yn y Mesur i alluogi Gweinidogion y DG i ddiwygio deddfwriaeth heb i'r Senedd graffu arnyn nhw'n llawn (pwerau Harri VIII). Mae hyn yn ddadleuol ynddo'i hun ond mae hyd yn oed yn waeth o safbwynt Cymru gan fod rhannau helaeth o'r ddeddfwriaeth yma mewn meysydd sydd wedi'u datganoli. Mae hyn wedi arwain at gyhuddiadau gan y cenhedloedd datganoledig mai ailennill pwerau yw nod San Steffan.
7. Dyma rai o'r **ddeddfwriaeth a'r fframweithiau polisïau pwysig** sydd ar waith ar lefel UE ar hyn o bryd y bydd angen cael fframweithiau cyfatebol yn eu lle ar lefel y DG a/neu Gymru:
  - Polisi Cystadleuaeth a Chymorth Gwladol
  - Polisïau Cyflogaeth a Materion y Gweithlu
  - Gwasanaethau rheoliadol
  - Caffael
  - Yr Amgylchedd, Gwastraff, Trafnidiaeth a Chynllunio
  - Amaethyddiaeth a Datblygu Cefn Gwlad
  - Datblygu'r Economi Ranbarthol.

8. Mae'n hanfodol bod gan awdurdodau rôl ac yn dylanwadu ar unrhyw newid mewn deddfwriaeth os gwneir newidiadau a allai effeithio ar wasanaethau awdurdodau lleol. Nid Llywodraeth Cymru yn unig ddylai fod â rôl mewn prosesau o'r fath. Bydd hyn yn golygu gweithio gyda San Steffan neu Lywodraeth Cymru gan ddibynnu ar sut bydd materion cyfansoddiadol ynghylch unrhyw ddiwygiadau i ddeddfwriaeth/fframweithiau o'r fath yn cael eu datrys. Mae WLGA yn cydweithio'n agos â'r LGA ac NILGA i wneud yn siŵr bod barn byd llywodraeth leol yn cael ei hystyried ar lefel y DG. O ran deddfwriaeth ac unrhyw fframweithiau cysylltiedig sy'n ymwneud â meysydd sydd wedi'u datganoli, mae WLGA am wneud yn siŵr y caiff barn llywodraeth leol yng Nghymru ei hystyried. Mae hyn yn hanfodol gan mai'r awdurdodau lleol fydd yn gyfrifol am gyflwyno a gweithredu'r rhan fwyaf o'r ddeddfwriaeth. Felly, rydym am weld holl adrannau polisiâu perthnasol Llywodraeth Cymru yn cydweithio'n agos â byd llywodraeth leol wrth iddyn nhw greu trefniadau deddfwriaethol newydd ar draws y meysydd a restrir uchod o ganlyniad i Brexit.
9. O ran y trefniadau ariannu, mae dwy elfen sy'n peri pryder: colli arian grant neu gael lai ohono, a thoriadau pellach i'r arian a roddir i'r sector cyhoeddus. Mae Trysorlys y DG wedi gwarantu **arian grant** ar gyfer prosiectau hyd at 2020. Fodd bynnag, nid yw'n glir beth fydd yn digwydd wedi hynny. Mae Llywodraeth Cymru wedi galw ar San Steffan i anrhydeddu'r addewidion a wnaed cyn y refferendwm na fyddai Cymru yn cael ceiniog yn llai o ganlyniad i adael UE. Mae rhai wedi dadlau (i) na ddylai Cymru gael ceiniog yn llai na'r hyn y byddai wedi'i gael pe byddai'r DG wedi aros; ac (ii) yn yr un modd ag arian UE, dylai hyn fod ar ben y Grant Bloc a gaiff Cymru o dan fformiwla Barnett, gan gydnabod bod angen rhagor o arian. Mae WLGA wedi cefnogi dadl Llywodraeth Cymru y dylai unrhyw arian a roddir sy'n disodli arian UE gael ei ddatganoli a'i reoli yng Nghymru. Mae San Steffan wedi cynnig 'Cronfa Rhannu

Ffyniant' ar gyfer y DG yn gyffredinol, ond nid yw'r manylion ynghylch sut bydd hyn yn gweithio yn glir ar hyn o bryd.

10. Mae'r pryder ehangach ynghylch **arian cyhoeddus** yn ymwneud â'r posibilrwydd y gallai Brexit gael effaith negyddol ar economi'r DG ac arwain at dderbyn llai o dreth a thalu mwy o fudd-daliadau. Yn dilyn blynyddoedd lawer o doriadau, byddai cwtogi ar Grant Bloc Cymru ymhellach yn golygu y byddai byd llywodraeth leol yn wynebu toriadau pellach.
11. O ran yr **effaith ehangach ar yr economi leol**, fe gynhaliodd WLGA arolwg o awdurdodau lleol i gael eu barn. Mynegwyd pryderon yn benodol ynghylch amaethyddiaeth, gweithgynhyrchu a'r gwasanaethau hynny sy'n cyflogi llawer o fewnfudwyr (e.e. twristiaeth, lletygarwch, sector gofal, adeiladu). Roedd nifer o awdurdodau yn bryderus ynghylch y posibilrwydd o golli swyddi lleol o ganlyniad i fusnesau'n cau neu'n symud fel bod y Farchnad Sengl ar gael ar eu cyfer. Byddai unrhyw fusnesau sy'n cau yn effeithio ar gwmnïau lleol eraill sy'n cynnig gwasanaethau ac yn cyflenwi. Mae unrhyw ddirywiad cyffredinol yn yr economi leol yn tueddu i gynyddu'r pwysau ar awdurdodau lleol mewn meysydd fel tai/digartrefedd, camddefnyddio sylweddau, trais yn y cartref, diogelwch cymunedol, ac ati. Byddai cyfuniad o lai o arian a galw cynyddol am wasanaethau yn ei gwneud yn fwyfwy anodd i awdurdodau lleol gynnal gwasanaethau nad ydyn nhw'n orfodol.
12. Mae'n anodd dweud sut ddylai Llywodraeth Cymru ymateb i'r problemau yma gan nad oes ganddyn nhw reolaeth uniongyrchol dros lawer ohonyn nhw. Heb os nac oni bai, bydd cynnwys awdurdodau lleol mewn trafodaethau am bolisiau a deddfwriaeth yn hollbwysig (mae rhagor o sylwadau am hyn i'w gweld isod) – ond nid oes unrhyw sicrwydd y bydd modd dylanwadu ar safbwynt San Steffan mewn sawl maes. Yn yr un modd, byddai byd llywodraeth leol yn awyddus i ddylanwadu ar unrhyw benderfyniadau ynghylch

arian a fyddai'n disodli arian UE, a byddai'n dadlau dros ddatganoli pellach o lefel Llywodraeth Cymru i'r rhanbarthau. Fodd bynnag, efallai na fydd modd gwneud hyn os bydd Cronfa arian newydd yn cael ei sefydlu a'i weithredu ledled y DG. Felly, mae'n gwbl hanfodol bod Llywodraeth Cymru yn cydnabod ac yn defnyddio holl gysylltiadau uniongyrchol ei phartneriaid pwysig â chyrrff eraill ledled y DG gan fod hyn yn galluogi llawer o bartneriaid i ddylanwadu ar adrannau pwysig San Steffan yn uniongyrchol. Mae hyn yn cynnwys byd llywodraeth leol yng Nghymru, addysg bellach ac uwch, cyrff amgylcheddol a sefydliadau preifat a'r trydydd sector yng Nghymru fel CBI, FSB a Chyngor Gweithredu Gwirfoddol Cymru. Argymhellwn yn gryf y dylai Llywodraeth Cymru fanteisio'n llawn ar yr arbenigedd sydd ar gael ar draws y sefydliadau hyn yng Nghymru yn ei holl baratoadau ar gyfer Brexit. Mae angen i Lywodraeth Cymru gydnabod cysylltiadau uniongyrchol yr holl brif bartneriaid ym Mrwsel hefyd a manteisio arnyn nhw. I fyd llywodraeth leol, mae'r ffaith fod gennym rôl ym Mhwyllgor Rhanbarthau UE ac wrth lobïo sefydliadau o bwys fel CEMR yn rhoi cyfleoedd i ni ddylanwadu ar ddatblygiadau yn uniongyrchol.

13. O ran yr economi, byddai cydweithio agosach rhwng Llywodraeth Cymru ac awdurdodau lleol ar lefel ranbarthol yn helpu i wneud yn siŵr bod busnesau lleol yn cael cymorth ar y cyd. Fodd bynnag, bydd rhai o'r ffactorau fydd yn dylanwadu ar benderfyniadau cwmnïau mawr yn digwydd ar lefel ryngwladol ac mewn pencadlysoedd. Felly, ni waeth pa mor gydlynol y bydd pethau yng Nghymru, bydd ceisio cael dylanwad yn dalcen caled.
14. Bydd natur y modd y byddwn yn ymadael (caled neu feddal) yn dylanwadu ar beth fydd yn digwydd. Er enghraifft, bydd y graddau y bydd y DG yn gorfod parhau i gydymffurfio â safonau a rheoliadau UE yn dibynnu ar unrhyw fargen masnach a gawn gydag UE yn y pen draw. Bydd angen dod o hyd i ffyrdd o ddylanwadu ar safonau/rheoliadau wrth iddyn nhw ddatblygu yn y dyfodol. Yn

ystod unrhyw gyfnod pontio ac yn y dyfodol a allai gynnwys gweithio drwy gyfrwng Pwyllgor Rhanbarthau Undeb Ewrop, gall gweithio gyda chydweithwyr ym myd llywodraeth leol ar y cyfandir fod yn hollbwysig drwy gysylltiadau ar gyrff eraill fel CEMR (Cyngor Bwrdeistrefi a Rhanbarthau Ewrop).

15. Ar lefel weithredol hefyd, gallai unrhyw benderfyniadau ynghylch Brexit sy'n effeithio ar rwydd hynt gweithwyr i symud effeithio ar awdurdodau lleol naill ai'n uniongyrchol neu drwy drefniadau â sefydliadau allanol. Credir mai nifer cymharol isel o bobl o UE a gyflogir yn uniongyrchol. Fodd bynnag, gall hyn fod yn fwy o broblem mewn rhai ardaloedd, lleoliadau a lle mae ystyriaethau sefydliadau allanol yn berthnasol. Mae angen rhagor o ymchwil i geisio deall maint unrhyw broblem.

**Pa gyngor, cefnogaeth neu gymorth y mae Llywodraeth Cymru wedi'u rhoi i chi hyd yma wrth baratoi ar gyfer Brexit?**

16. Mae Llywodraeth Cymru wedi cynnwys sector llywodraeth leol mewn sawl ffordd wrth baratoi ar gyfer Brexit. Dyma rai o'r ffyrdd mwyaf arwyddocaol:
- Rôl WLGA yng Nghylch Cyngori UE a sefydlwyd gan Brif Weinidog Cymru a'i gadeirio gan Mark Drakeford (y Cyng. Rob Stewart yw Llefarydd WLGA a'n cynrychiolydd yn y cylch)
  - Cyhoeddi cyfres o bapurau sy'n cyflwyno safbwynt Llywodraeth Cymru – ar faterion datganoli, rhwydd hynt pobl i symud o le i le, a'r Papur Gwyn a datblygu ar y cyd â Phlaid Cymru, sy'n amlinellu'r prif anawsterau i Gymru wrth i'r DG ymadael â'r Undeb Ewropeaidd
  - Trafodaeth a chyfres o weithgorau sy'n edrych ar effeithiau tebygol Brexit yn sector yr Amgylchedd a Materion Gwledig ac ystyried beth fydd y sefyllfa yn dilyn gwahanol ffyrdd o ymadael.
  - Nifer o drafodaethau ffurfiol ac anffurfiol gyda Chyngor Gweithredu Gwirfoddol Cymru, WLGA a'r Timau Ymgysylltu Rhanbarthol er mwyn

manteisio'n llawn ar bob cyfle o dan Raglenni Cronfa Strwythurol presennol UE, ac er mwyn ystyried pwyslais trefniadau a buddsoddiadau rhanbarthol yn y dyfodol.

17. Mae'r Cylch Cynghori wedi bod o ddefnydd o ran cael gwybod sut mae trafodaethau rhwng Llywodraeth Cymru a'r DG yn datblygu. Mae WLGA wedi cael y cyfle i gyflwyno canfyddiadau ei harolwg o awdurdodau lleol i'r cylch. Mae hyn yn dangos parodrwydd ar ran Llywodraeth Cymru i alluogi aelodau'r cylch i gyflwyno syniadau a safbwyntiau yn rhan o broses ddwy-ffordd. Y math yma o ryngweithio ddylai lywio trafodaethau Llywodraeth Cymru gyda San Steffan. Fodd bynnag, nid oes modd gwybod i ba raddau mae'r safbwyntiau a gyflwynir yn dylanwadu ar Lywodraeth Cymru, na faint mae Llywodraeth Cymru yn gallu dylanwadu ar safbwynt San Steffan mewn trafodaethau gydag UE.
18. Yn ogystal, mae'r Cylch Cynghori wedi cymryd rhan mewn trafodaethau sydd wedi cyfrannu at y cyhoeddiadau y cyfeiriwyd atyn nhw ym mharagraff 15 uchod. Fodd bynnag, ni fu unrhyw ymgynghoriad/cyfle penodol i roi sylwadau am fersiynau drafft y dogfennau – maen nhw wedi'u cyflwyno i aelodau'r cylch ychydig cyn eu cyhoeddi. Dylid rhannu drafft y cyhoeddiadau gydag aelodau ymhell cyn eu cyhoeddi er mwyn i aelodau gael y cyfle i wneud sylwadau.
19. O dan arweiniad Ysgrifennydd y Cabinet, Lesley Griffiths, rydyn ni wedi cael ein cynnwys yn llawn mewn trafodaethau yn sector yr Amgylchedd a Materion Gwledig. Mae wedi rhoi cyfle i ddod â buddiannau amrywiol ar draws y sector ynghyd er mwyn rhannu gwybodaeth, trafod bygythiadau a chyfleoedd, yn ogystal ag ystyried camau posibl y gellir eu cymryd wrth baratoi ar gyfer Brexit. Byddai'n braf gweld yr un lefel o ymgysylltu mewn sectorau eraill – e.e. ynghylch yr economi, trafnidiaeth, sgiliau.

**Pa ystyriaethau ariannol sydd wedi dod i'r amlwg o ganlyniad i Brexit a beth ddylai gael ei wneud i baratoi ar eu cyfer?**

20. Fel yr amlinellwyd uchod, mae dwy gyfres o ystyriaethau ariannol: mae'r cyntaf yn ymwneud â grantiau ac mae'r ail yn ymwneud â phwysau ychwanegol posibl ar setliadau'r sector cyhoeddus mewn cysylltiad â pherfformiad economi'r DG.
21. O ran y **grantiau** mae WLGA wedi croesawu cynnig San Steffan i neilltuo arian ar gyfer datblygiad rhanbarthol ar ôl i'r DG ymadael ag UE. Fodd bynnag, nid yw WLGA o blaid y syniad o gael Cronfa Rhannu Ffyniant a gaiff ei gweinyddu ar lefel y DG. Mae o'r farn y dylai cyfran Cymru gael ei dyrannu i Lywodraeth Cymru yn y lle cyntaf. Dylai cyfran Cymru adlewyrchu'r un ganran â'r hyn mae'n ei chael ar draws y DG ar hyn o bryd, ac ni ddylai gael ei haddasu i gyd-fynd â Fformiwla Barnett. Dylai'r un peth ddigwydd gyda thaliadau'r Polisi Amaethyddol Cyffredin y mae Cymru'n eu derbyn.
22. Mewn cyd-destun cenedlaethol a bennir gan Lywodraeth Cymru, mae WLGA hefyd wedi dadlau y dylai penderfyniadau ac arian gael eu datganoli i'r lefel fwyaf priodol. Yn benodol, drwy gryfhau'r pedair partneriaeth ranbarthol sydd eisoes wedi'u creu: Prifddinas–Ranbarth Caerdydd; Dinas–Ranbarth Bae Abertawe; Tyfu Canolbarth Cymru a Bwrdd Uchelgais Economaidd y Gogledd Ar ôl cytuno ar gynlluniau datblygu rhanbarthol gyda Llywodraeth Cymru a phartneriaid eraill, dylai arian gael ei ddyrannu er mwyn eu rhoi ar waith. Drwy wneud hyn, ni fyddai angen 'rhaglenni' (ar lefel y DG neu Gymru). Mae'n cymryd cryn amser i ddatblygu'r rhain yn ogystal â phroses lafurus a gwastraffus o gyflwyno ceisiadau wrth i ymgeiswyr geisio addasu prosiectau i fodloni meini prawf y rhaglen.



23. Yn ogystal â Chronfeydd Strwythurol a Buddsoddi Ewrop, mae rhaglenni ariannu eraill i'w hystyried. Mae rhaglenni fel ERASMUS (+), HORIZON a LIFE wedi helpu datblygiad cymdeithasol, economaidd ac amgylcheddol ledled Cymru. Bydd gallu parhau i gymryd rhan yn y rhaglenni ariannu hyn – yn ogystal â rhwydweithiau cydweithio rhyng-ranbarthol yn UE – yn bwysig i awdurdodau lleol. Mae rhaglenni hyn wedi rhoi manteision i ardaloedd lleol sy'n cyfrannu at amcanion cynllun lles cyffredinol awdurdodau lleol a'u partneriaid. Mae cael mynediad at Fanc Buddsoddi Ewrop yn y dyfodol yn faes i'w ystyried hefyd gan ei fod wedi cynnig buddsoddiad mewn prosiectau cyfalaf o bwys a gefnogir gan awdurdodau lleol.
24. O ran y **sefyllfa ariannol ehangach**, mae'r pwysau sydd ar awdurdodau lleol yn hysbys i bawb. Bydd unrhyw gwtogi pellach dros y blynyddoedd nesaf yn amharu'n sylweddol ar eu gallu i atal y math o broblemau economaidd, cymdeithasol ac amgylcheddol y mae rhaglenni UE wedi'u ceisio eu hatal yn draddodiadol. Yn yr ystyr hwnnw, ac yn unol â Deddf Llesiant Cenedlaethau'r Dyfodol, mae atal yn well na gwella. Byddai hyn yn awgrymu bod angen rhywfaint o hyblygrwydd i allu defnyddio arian rhanbarthol i gefnogi darpariaeth prif ffrwd os nad yw'n cynnig gwasanaeth digonol. Er enghraifft, mae cynnal rhwydwaith y priffyrdd yn hanfodol ar gyfer llwyddiant busnesau lleol. Gellid dadlau y byddai'n well galluogi gwariant ar wella priffyrdd yn hytrach na chynnig cymorth ariannol i fusnesau oherwydd mae'n bosibl mai'r costau ychwanegol a'r busnesau a gollir oherwydd tagfeydd ac oedi ar y priffyrdd yw'r union reswm pam mae'r busnesau mewn trafferthion.
25. Fodd bynnag, nid yw'n glir eto faint o hyblygrwydd fydd ar gael i greu cyfundrefn gyllido i ddiwallu anghenion Cymru, neu a fydd San Steffan yn pennu unrhyw drefniadau / rhaglenni i ddisodli'r drefn flaenorol.

**Pa gyngor neu gymorth hoffech chi ei gael gan Lywodraeth Cymru a fyddai'n eich helpu chi a'ch sector i baratoi ar gyfer Brexit?**

26. Rydyn ni wedi ateb y cwestiwn yma yn yr adrannau uchod i raddau helaeth. Yn y bôn:

- cyfathrebu da rhwng y naill ochr, gofalu bod llywodraeth leol yn cael y wybodaeth ddiweddaraf, yn ogystal â gallu rhoi ei barn ynghylch meysydd polisïau, deddfwriaeth ac arian mewn da bryd
- gallu rhoi sylwadau am gyhoeddiadau drafft, gan gynnig safbwynt byd llywodraeth leol, cyn eu cyhoeddi
- cael trefniadau tebyg i'r rhai ar gyfer yr Amgylchedd a Materion Gwledig mewn meysydd pwysig eraill fel yr economi, sgiliau a thrafnidiaeth
- gallu helpu i lywio cynigion ar gyfer polisïau a dulliau ariannu rhanbarthol newydd, lleihau biwrocratiaeth a gofalu bod cymaint o hyblygrwydd â phosibl
- datganoli pwerau i wneud penderfyniadau ynghylch ariannu'r pedair rhanbarth, a gofalu eu bod yn cyd-fynd â chynlluniau datblygu rhanbarthol y cytunir arnyn nhw gyda Llywodraeth Cymru
- cydweithio rhwng awdurdodau lleol ar lefel ranbarthol i roi cymorth economaidd ar y cyd ar gyfer yr economi leol.

*What are the main issues facing your sector as a result of the UK's withdrawal from the European Union, and how should the Welsh Government respond to these?*

Brexit poses a number of issues for the public sector in Wales. From a Rural Development perspective, the funding received through the European Agricultural Fund for Rural Development provides substantial funding through both Pillar 1 and Pillar 2, supporting the farming community through direct payments and also supporting economic development in rural areas. From a Regeneration perspective, the funding received through the ERDF has provided the catalyst for regeneration activity in geographical areas where there is recognised market failure. Unless this funding is replaced by Westminster or Welsh Government, this will have a substantial impact on the agricultural sector and rural areas more broadly in Wales and on local authorities to stimulate investment in economic and physical regeneration activities.

Likewise, the public sector plays a key role in supporting local supply chains, through core procurement activities, but also procuring and supporting local businesses in delivering EU programmes and in supporting the development of supply chains for local companies through the RDP. The UK's withdrawal from the EU will significantly reduce both the investment through public sector procurement and the export market for Welsh businesses.

*What advice, support, or assistance have you received from the Welsh Government to date in preparation for Brexit?*

We have not had any specific advice from the Welsh Government in preparation for Brexit other than to make the most of the EU funding whilst it lasts as the Welsh Government has underwritten the ERDF 4.4 measure up until the end of this programme.

There has been little or no discussion with WG as to a successor programme funded from other sources. The recent TRIP guidance does allude to the fact that it could become the EU successor programme but no dialogue has been instigated by WG to discuss this matter further

Para10:

*“Initially, the Welsh Government is inviting applications for regionally-endorsed local authority project proposals for a three-year period beginning in April 2018. However, in the context of developing a successor programme to EU structural funds partners are also encouraged to begin to identify projects which could feature in a rolling programme of regeneration projects in years to come. “*

In all fairness, given the nature of the negotiations and the complexities involved, the Welsh Government, along with the other devolved administrations are in a difficult position in what is a fluid, complex and continuously evolving process.

- *What financial considerations have arisen as a result of UK's withdrawal from the European Union and what should be done to prepare for these?*

The two key financial considerations for the public sector in Wales resulting from the UK's withdrawal from the EU are 1) the loss of European Structural Investment funds and 2) the loss of potential EU markets for Welsh businesses supported through public sector programmes and projects.

- 1) A successor programme should be introduced with the same level grant of funding which will have the ability to be less bureaucratic and more focused on delivering interventions where they are required rather than developing and bending projects to fit the criteria set out by EU guidelines.

It is interesting that the Conservative Party manifesto proposed a new **Shared Prosperity Fund** to replace EU funding post-Brexit, “to reduce inequalities between communities across our four nations”. It stated that the new fund would be: “cheap to administer, low in bureaucracy and targeted where it is needed most”.

WG should oppose the concept of a Shared Prosperity Fund administered at the UK level. Wales' share of the funding should be allocated to the Welsh Government in the first instance. Alternatively WG need to lobby hard for a revision of the Barnett Formula to redress the future loss of EU funding, which dictates the level of public spending in Scotland, Wales and Northern Ireland. This would allow WG to set up their own post EU Prosperity Fund.

WG need to ensure that the **amount of funding available to Wales should be no less than if the UK had remained in the EU**, reflecting the pledge made in the run-up to the referendum. In this respect, Wales' share should reflect the same percentage of the UK total as it currently enjoys.

Welsh Government should set the direction for future regional policy in Wales whilst ensuring that future policy is responsive to local needs. "Being responsive to local needs" is key and means that decision-making and funding should be devolved down to the most appropriate level i.e. the four regional partnerships already working up plans for the development of their areas: the two city regions in South Wales, the North Wales Economic Ambition Board and the Growing Mid Wales Partnership.

- 2) Alternative markets need to be investigated for Welsh produce be this through trade agreements with countries outside of the EU ( a role for WG here that would be reminiscent of the overseas WDA activity of old), or through new arrangements with EU neighbours.

There is a significant opportunity to develop shorter supply chains within Wales, in particular within food and drink and other growth sectors. The Welsh Government could play a key role in driving the promotion of Welsh produce and also provide State Aid cover to enable the public sector to play a greater role in this, for example allowing RDP LEADER funding to actively promote local companies and produce; as an illustration, we are unable to produce directories or other promotional materials promoting local companies and increase awareness of potential supply chain development opportunities, due to State Aid restrictions. Likewise, we are unable to directly support businesses through LEADER funding as a result of State Aid issues. Greater flexibility would create a more dynamic support framework within the public sector for Welsh businesses.

- *What advice or support would you like to see from the Welsh Government that will help you and your sector to prepare for Brexit?*

As has been stated above, the Welsh Government is in a difficult position given its devolved status. Without the clarity (that will only emerge with time as the negotiations continue), Welsh Government will not be in a position to advise on what the full impact of Brexit will be for the public sector in Wales.

Ensuring that adequate funding will remain in place for the public sector to continue delivering services and support Welsh businesses will have a significant effect in mitigating the impact of Brexit and help the public sector prepare for it.

From an economic regeneration perspective, it is imperative that:

- 1) There is a clear communication link with WG to discuss issues as they emerge. WLGA currently appear to be acting as the go between but more needs to be done by WG to communicate with those currently responsible for implementing EU programmes so that both LA's and WG are geared up for any new programme.
- 2) WLGA are currently our best link to the internal workings within WG as Brexit talks continue. A communication strategy needs to be developed to ensure information is imparted to the LA's effectively.
- 3) WG needs to ensure that local government has representation on working groups meeting to agree Wales' negotiating position – especially as it is local government that will have responsibilities for delivering.
- 4) The Wales External Funding Group is a group set up to explore opportunities for LA's to secure funding. Currently facilitated by LA officers and our Regional Engagement Team Officer, this group would be a good forum for WG to attend to discuss in more details the way forward post Brexit for emerging funding programmes.

## What are the main issues facing your sector as a result of the UK's withdrawal from the European Union and how should the Welsh Government respond to these?

### EU Trade

1. Around 10,000 of Wales' agricultural holdings have standard outputs in excess of €25,000 (an EU threshold for farm categorisation), of which 68% are Less Favoured Area (LFA) cattle and sheep farms; 15% are dairy enterprises; 12% are non-LFA cattle and sheep enterprises; and 5% are other farm types.
2. Of Wales' estimated 2016 aggregate agricultural output of £1,447 million, sheep, beef and dairy production accounted for 18%, 26% and 29% respectively.
3. Wales' food and drink industry has a turnover of £16.8 billion, and employs 223,100 people, comprising 76,700, 69,300, 54,000 and 22,400 in the retail and wholesale, catering, agriculture and manufacturing industries respectively.<sup>1</sup>
4. In 2016, 72% of Welsh food and drinks were exported to the EU, of which meat and meat preparations were the most significant category, accounting for almost 22%. Around 95% of sheepmeat is exported from Wales, of which around 35% goes to the EU.<sup>2</sup>

5. Welsh food can be divided into two broad categories; premium and commodity/lower value products, both of which play an important role in terms of Wales' food sector. Moreover, it is invariably the case that the value of premium products in key sectors are complemented or underpinned by the value of commodity products.
6. For example, the total value of a lamb is related to the value of prime cuts, such as legs, as well as the value of lower value cuts, offal and skins, and the total value is therefore a function of prices in both premium and lower value markets.
7. As such, both commodity and premium production and markets play an important and interrelated role in terms of Wales' food and farming industry, and the ability to complement the value of a commodity by exporting products or byproducts which have a higher value in EU markets is important.
8. It should also be noted that EU supply chains are highly integrated, with commodities, ingredients, byproducts etc. often crossing many borders.
9. As such, changes to trading arrangements with the EU and the rest of the world would have major impacts on Wales' agricultural industries.

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<sup>21</sup> The value of Welsh Food and Drink, Welsh Government, 2015  
Welsh Government figures



10. As expected, the research estimates particularly extreme impacts of a 'hard' Brexit (where easy access to the EU Single Market is lost) for the sheep sector, with a 30% fall in prices and a 20% fall in Welsh production, highlighting our reliance on lamb exports in particular, while the need to make up the current trade deficit in beef and dairy produce leads to 17% and 30% increases in beef and dairy prices respectively, and a consequential 14% increase in Welsh cattle numbers.
11. The model of a more extreme Brexit scenario (where the UK not only loses easy access to the EU Single Market, but also allows tariff-free food imports from around the world) predicts falls in sheep, beef, dairy and pork prices of 29%, 45%, 10% and 12% respectively, leading to consequential falls in production across the board – including acute collapses of 60% and 18% in Welsh beef cattle and sheep numbers respectively.
12. Given such variance (for example, estimated impacts on beef prices in the range -45% to +17%, and beef output value in the range -50% to +29%, depending upon the final Brexit outcome), and uncertainty regarding what trade arrangements will be in place post-Brexit, it must be acknowledged that the degree to which the Welsh Government can respond to such risks is extremely limited.
13. The FUW therefore welcomes the Welsh Government's frequent highlighting of the importance of maintaining access to the EU Single Market, and the adverse impacts of losing such access, in documents such as the Securing Wales' Future White Paper.<sup>4</sup>

14. Before the 23rd June 2016, the FUW had urged the Welsh Government to commission research into the possible impacts of Brexit on Wales' agriculture industry and wider economy, and in January 2016 the then Chair of the Strategic Framework for Welsh Agriculture Partnership Group (now called Amaeth Cymru, of which FUW is a founder member) wrote to the then Deputy Minister, Rebecca Evans, asking for such a detailed analyses to be undertaken.
15. A key call in the FUW's May 2016 Welsh Assembly Election Manifesto was for the incoming administration to "Identify, qualitatively and quantitatively, the likely impacts of further reductions in CAP support, market liberalisation and the UK's exit from the EU on Wales' rural and wider economy, including in terms of the incomes and viability of farm businesses and the secondary and tertiary businesses which rely on them."
16. Whilst the delay in undertaking such work is regrettable, the work commissioned by Welsh Government to date is welcome, and the Welsh Government should ensure any gaps in such commissioned work are filled as a matter of urgency.
17. In particular, the FUW has urged the Welsh Government to undertake work to examine and quantify the possible impacts of post-Brexit scenarios on those involved in secondary and tertiary businesses involved with agriculture and the food supply chain, such as vets, hauliers and rural businesses.
18. Such work is essential not only in terms of informing preparations, decisions and contingency plans relating to Brexit, but also in terms of informing other administrations of the challenges and opportunities under different scenarios – in particular the UK Government, including those involved in trade negotiations – and the need for appropriate transition periods.

## UK Agricultural Framework

19. Under current devolution arrangements and EU Regulations, Wales has devolved powers over agricultural policies and spending, as well as over a number of areas which impact upon agriculture.
20. However, all policies and spending must conform to overarching EU Regulations, aimed at minimising unfair competition between regions and ensuring equivalent rules are applied in regions and on farms.
21. This arrangement allows devolved administrations to implement payment systems and policies which differ, but comply with the overarching principles of a uniform framework.
22. Where countries, or groups of countries which form trading blocs, trade with each other, similar frameworks are generally in place in order to reduce market distortion, either through bilateral agreement, or (in what are usually significantly less mutually advantageous circumstances) through World Trade Organisation rules.
23. Irrespective of what trade deals are in place post-Brexit, within the UK Welsh farmers will compete against their counterparts in other devolved regions. As such, the rationale for having a common policy across the UK which minimises unfair competition and market distortion will remain unchanged.
24. The FUW therefore believes a UK agricultural framework should be put in place which prevents unfair competition between devolved regions and secures and protects adequate long term funding for agriculture, while

also respecting devolved powers over agriculture and the need for flexibility within that framework which allows devolved governments to make decisions which are appropriate for their regions.

25. Whilst some may argue for greater devolved powers in terms of flexibility within such a framework/frameworks, possibly for patriotic or nationalistic reasons, it must be noted that such flexibility could work against the interests of Wales, as it would also apply to those against whom Welsh producers compete.
26. In a similar context, it is also essential that the Welsh and other Governments do not adopt an inward-looking mentality, given that in most likely post-Brexit scenarios we will continue to compete against producers from outside the UK. A UK framework must therefore be drawn up with the development of other non-UK frameworks in mind – in particular the next EU CAP. Such a framework should also respect WTO rules in order to minimise the risks of trade disputes with other countries and trading blocs.
27. Given this, the FUW welcomes recent – but long overdue – moves by the UK Government to genuinely engage with devolved administrations regarding the development of such a framework, and believes the Welsh Government should work constructively with the other administrations and the agricultural industry to develop such a framework.
28. It is also essential that the Welsh Government takes an outward rather than inward looking view by recognising that any perceived benefits for Wales of an overly liberal agricultural framework could be vastly outweighed by unfair competition from producers in other devolved regions operating under very different policies which distort trade.

## What advice, support, or assistance have you received from the Welsh Government to date in preparation for Brexit?

29. It must be recognised that the degree to which appropriate advice can be given by Government to any industry, and in particular agricultural businesses, is extremely limited due to the uncertainty over Brexit and the risk that detailed advice may turn out to be inappropriate.
30. As such, the Welsh Government and FUW has continued to provide appropriate advice about the need for farm businesses to establish and monitor recent and current costs and outputs, such that the likely impacts of any policy changes or trade agreements can be quickly assessed, and appropriate decisions taken in order to maximise opportunities and minimise adverse impacts.

## What financial considerations have arisen as a result of UK's future withdrawal from the

## European Union and what should be done to prepare for these?

31. Wales receives around £300 million per annum through the EU's Common Agricultural Policy, and would, Brexit notwithstanding, have received €2,245 million and €355 million in Pillar 1 and 2 funding respectively for the current CAP period (2014–2020).
32. Wales' CAP Pillar 1 and 2 allocations are, in simple terms, based upon historical (pre-2013) spending: Wales' receives 9% of the UK's Pillar 1 allocation, reflecting agricultural production before 2005, and 14% of the UK's Pillar 2 allocation, reflecting the proportion of the UK Pillar 2 budget allocated to Wales under the previous (2007–2013) CAP

33. By comparison, the Barnett Formula allocates a budget on the basis of Welsh spending on services comparable with those in England, given Wales' population compared to England's. The population of Wales for 2016–21, expressed as a percentage of the population of England, is 5.7%
34. As such, the incorporation of agricultural and rural development spending within the Barnett Formula post-Brexit would result in a significant reduction in the proportion of such an agricultural budget received by Wales, estimated to be hundreds of millions less. Naturally, the combination of such a policy with any reduction in UK spending on agriculture and rural development would have further severe impacts in terms of funding for Wales.
35. Furthermore, while the annual EU budget must remain within ceilings agreed for a seven-year period, domestic (UK or Welsh) funding arrangements could introduce significant uncertainty, with allocations changing more frequently (for example, at each budget announcement), thereby resulting in financial uncertainty and instability for businesses and Governments alike.
36. Direct support makes up around 80 percent of Welsh farm business income, and in the 2015–16 financial period, 55 percent of farm businesses either made a loss, or would have made a loss without direct support through the Common Agricultural Policy.<sup>1</sup>
37. Despite this, average agricultural costs exceeded £111,000 per farm businesses, more than five times the average Basic Payment received, and such costs therefore make a major contribution to the wider rural economy.

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<sup>1</sup> Farm incomes in Wales, 2015, Welsh Government, December 2016

38. For each pound paid to farmers under Pillar 1 of the CAP, farm businesses pay out £1.66 for feed, £0.61 in machinery expenses, £0.36 for contract work, £0.29 in veterinary costs, £0.19 in farm maintenance and £1.52 in other farm costs.<sup>5</sup>
39. Agriculture accounts for between 10% and 28% of employment in 68 percent of Wales' most sparsely populated rural communities, and 16% of employment in Powys, which represents a quarter of Wales' landmass.
40. Agriculture and farming families also play an essential role in terms of maintaining Wales' unique habitats and physical and cultural landscapes, all of which are central to the well-being of Wales' people and communities and attracting around 10 million tourists to Wales each year.
41. The impact of drops in farm support alongside changes in trading arrangements has been investigated through modelling work commissioned by the Agricultural and Horticultural Development Board (AHDB).<sup>2</sup>
43. That work predicts falls in LFA livestock, lowland livestock, and dairy farm incomes of 51%, 81% and 35% respectively under a scenario where agricultural support is cut by 50%, WTO tariffs are applied to UK food exports, but none are applied to imports.
44. Under a scenario where agricultural support is cut by 75%, the UK adopts the same common external schedule of tariffs as the EU and retains a proportion of existing WTO Tariff Rate Quotas, LFA livestock, lowland livestock, and dairy farm incomes fall by 109% and 77%, while dairy farm incomes rise by 33%.

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<sup>2</sup> Horizon - Brexit Scenarios: an impact assessment, AHDB, September 2017

45. As such, there is a real risk that Brexit could bring with it a significant cut in the funding allocated to Wales, and consequences for individuals, businesses and communities which exacerbate other problems caused by, for example, changes to trading arrangements.

46. Scenarios where overall funding is maintained but payments are allocated in different ways may also have adverse consequences for many businesses if they are not thoroughly investigated.

47. As such, the Welsh Government should ensure that it works with the UK Government and other devolved administrations to secure a ring-fenced agriculture and rural affairs budget which is outside the Barnett Formula, and that any changes to the same take place over an appropriate transition period.

48. The Welsh Government should also thoroughly investigate and analyse proposed changes to farm support in order to assess their likely impact.

## What advice or support would you like to see from the Welsh Government that will help you and your sector to prepare for Brexit?

49. The most important work which should continue to be undertaken or commissioned by the Welsh Government is that which attempts to quantify the possible impacts of different post-Brexit scenarios, in order to inform Welsh Government policy, other policy makers and individual businesses.

50. This is particularly important given that Brexit has increased the propensity for well-meaning, idealistic and aspirational policies to be developed, sometimes with little or no reference to data and evidence of their possible impact on Welsh people, businesses, supply chains and communities. The



development of such policies without thorough investigation marks a dangerous move away from evidence-based decision making.

51. For similar reasons, it is important that the legal implications of policies, in terms of international trade, WTO rules etc., are thoroughly investigated.

52. Such information and developments should be communicated to industry in clear formats in order to explain policy development and highlight risks and opportunities.