House of Commons
Welsh Affairs Committee

International representation and promotion of Wales by UK bodies: Government Response to the Committee’s Second Report of Session 2014–15

Second Special Report of Session 2014–15

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The Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the National Assembly for Wales).

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Guto Bebb MP (Conservative, Aberconwy)
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Stuart Andrews MP (Conservative, Pudsey)
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Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at Welsh Affairs Committee - UK Parliament

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in printed volumes.

Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Richard Ward (Clerk), Anwen Rees (Committee Specialist), Shane Murray (Senior Committee Assistant), Baris Tufekci (Committee Assistant), and Jessica Bridges-Palmer (Media Officer).

Contacts

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Second Special Report

The Committee published its Second Report of Session 2014–2015, *International representation and promotion of Wales by UK bodies*, on 22 October 2014. The Government Response was received by the Committee on 22 December 2014 and is published as an Appendix to this Special Report.
Appendix: Government Response

Introduction

This document presents the Government’s response to the Welsh Affairs Select Committee’s report on “International Representation and Promotion of Wales by UK Bodies”.

The Committee’s report, published on 14 October 2014, is welcomed by the Government. The report is thorough and presents some important issues focussing on the three main topics: tourism; inward investment and trade; and culture and language, all of which are important to the economy and the people of Wales.

The Committee’s report was published against a backdrop of Wales attracting the highest level of foreign direct investment for 24 years with 79 projects in Wales creating or safeguarding over 10,000 jobs. The tourism sector in Wales has also seen considerable improvement following difficult market conditions during the global recession. Over the last year Wales has attracted an increasing share of visitors from both the domestic and international markets.

2014 has also been unique in the opportunities we have had to showcase Wales.

In September Wales hosted the largest gathering of world leaders ever to visit the UK as the NATO Summit was held at Newport. The eyes of the world were on Wales and we shone. In November Wales hosted over 150 international and domestic investors at the UK Investment Summit to showcase the new innovation being developed and manufactured in Wales. These events demonstrated why Wales is a great place to visit and invest.

But there is more that the Government needs to do to build on this success to develop a stronger economy and to strengthen the Welsh culture, including the Welsh language. The recommendations of the Committee have provided new insight into how we can represent and promote Wales and the Government’s response to each recommendation is presented in the following sections.

Her Majesty’s Government’s response to the recommendations

Tourism

1. We recommend that VisitBritain and Visit Wales work together to develop a strategy, by February 2015, for promoting Wales as a first choice destination for international visitors to the UK. A key aspect of this should be the use of a distinctive brand used consistently in communications to help raise awareness of Wales internationally. (Paragraph 26)

As HMG outlined in the written evidence submitted to the Committee, VisitBritain and Visit Wales have worked together to promote Wales as a tourist destination. A Memorandum of Understanding was signed by the two bodies in January 2014 geared towards that end – formally agreeing to engage early in the planning and to find
opportunities to work with each other on areas where enhanced returns could be delivered. The Memorandum of Understanding covers policy, operations and consumer and trade marketing. Further details of delivery of commitments are outlined under recommendation 6.

From September a member of Visit Wales has been embedded in VisitBritain’s London office to better represent Wales. VisitBritain and Visit Wales are also exploring opportunities to work together on commissioning research, running familiarisation trips for international media and trade, marketing promotions on territory and working with commercial partners.

2. We recommend that VisitBritain sets clear, measurable targets for encouraging international tourists to visit different regions of the UK. (Paragraph 32)

5. We recommend that VisitBritain improves its website to better market Wales overseas. VisitBritain should report back to us on progress made by February 2015. (Paragraph 46)

We would like to respond to recommendation 2 and 5 together.

VisitBritain is currently undergoing a Triennial Review, which is considering all aspects of the role and functions of VisitBritain. This will conclude in early 2015.

VisitBritain is proceeding with a full redevelopment of its digital platforms, including the website and will address the points made by the Committee.

3. We recommend that the UK Government make improvements to its GREAT campaign to better reflect Wales as a distinct location, and report to us on progress made by February 2015. (Paragraph 43)

The GREAT campaign has been working closely with the Welsh Government to promote the specific benefits of Wales within the framework of the overall campaign and it will continue to do so. Examples include the Government’s support during the NATO Summit when we projected Welsh culture, heritage, education and business across the international network (which covers 144 countries across the world) and held an event in London to greet journalists and leaders before they attended the Summit. Welsh-specific GREAT displays were also positioned in London Paddington and on Newport’s Riverfront to welcome international delegates to the NATO summit. Most recently, the specific benefits of Wales were promoted worldwide during the UK Investment Summit in Newport. We have plans to extend this activity further and will provide a further update by February.

4. Wales can be reached from London within a few hours yet, unlike Scotland, is often not included in ready-made UK holiday packages offered by tour operators. In developing a joint strategy with Visit Wales to promote Wales as a first choice destination, we recommend that VisitBritain prioritises efforts to encourage tour operators to include Wales in ready-formed UK holiday packages. We expect VisitBritain to report progress to us by February 2015. (Paragraph 45)

The Visit Britain annual flagship event – the Hosted Buyers Marketplace (HBM) – hosts 230 buyers from around 30 countries, and takes them on familiarisation trips to see
destinations, hotels and attractions. Wales is included on the itinerary which is aimed at including the destinations in tour operator brochures.

The Triennial Review of VisitBritain and is looking at how we might better promote destinations around the UK including Wales.

6. We recommend that VisitBritain reports on the impact of the Memorandum of Understanding with Visit Wales by February 2015. (Paragraph 53)

VisitBritain and Visit Wales work together closely to promote Wales in international markets – reflected in strong visitor figures – up 21% in the first six months of this year.

The table below sets out delivery to date of the commitments in the MoU:

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<th>MoU commitment</th>
<th>Delivery</th>
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<tr>
<td>Sharing of research and data</td>
<td>VB and VW share research through regular bilateral meetings, and share visitor statistics when published.</td>
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| Access to VisitBritain’s overseas network of staff and offices | VB provides an overseas platform for the promotion of Wales as a destination. To further improve VB staff knowledge of Wales, VW hosted VisitBritain’s overseas teams across Wales in October.  
A VW secondee is now in post at VisitBritain’s head office. |
| Marketing via the GREAT campaign         | VisitBritain’s existing website carried more Welsh content and links to Visit Wales’ own digital platforms.  
In the longer term, VB is redeveloping its digital platforms. |
| Press and PR                             | VisitBritain’s overseas PR staff support the promotion of Wales, including coverage of the Dylan Thomas anniversary earlier this year. |
| Travel Trade                             | Visit Wales will participate in ExploreGB in February 2015. VisitBritain is promoting a Wales module for BritAgent – a travel trade training programme. |
7. We recommend the UK Government review its policy on the VAT rate for the tourism industry, with the ultimate aim of reducing the current 20% rate. (Paragraph 58)

The Treasury estimates that a cut in VAT to 5 per cent for accommodation and attractions would have a cost of up to £2.7 billion to the Exchequer. Given the current fiscal climate, these costs would have to be met either from increasing other taxes or from increased borrowing. This Government’s priority is to tackle the record budget deficit in a decisive but fair way, to restore confidence in our economy and support the economic recovery. For these reasons, as the then Exchequer Secretary noted during the Westminster Hall Debate on 11 February, the Government does not have any plans to introduce a VAT cut for the sector.

However, Treasury Ministers have been working closely with the industry to increase both inbound and domestic tourism. The Government does recognise the importance of the tourism and hospitality industry, and is providing additional support to these businesses in a number of ways.

Between 2011 and 2015 the Government is investing £50 million (with a further £50 million match-funded by the private sector) into a tactical campaign via VisitBritain, so it can work with the industry to market what the UK has to offer. Around £51 million has also been invested into the tourism component of the GREAT campaign, which is designed to draw attention to key facets of Britain and British culture. Between 2011-12 and 2014-15 the Government has invested £8m into the ‘Holidays at Home are GREAT’ campaign to encourage domestic tourism, generating over £380 million in additional spend in the first two years alone. Businesses in the tourism sector are also benefitting from the Employment Allowance which the Government introduced from April 2014 to help businesses to reduce their employer National Insurance Contributions bill by up to £2,000.

8. We recommend that UKTI reports to us by February 2015 on progress made to improve its profile amongst Welsh businesses and its engagement with them. (Paragraph 73)

UK Trade & Investment (UKTI) believes that all parts of the UK are well served. It has, though, refreshed its training for UKTI people in the UK and overseas, and issued information across its network to ensure that people in UKTI roles have up-to-date knowledge of Wales, along with Scotland and Northern Ireland, and how UKTI interacts with the local trade and investment promotion bodies there. UKTI services remain open to businesses throughout Wales.

9. Nine of the ten poorest regions in Northern Europe are in the UK, including West Wales and the Valleys. The UK also houses the richest—Inner London. The Committee
believes that UKTI has a crucial role in helping address geographical wealth inequalities and notes the efforts of German Trade and Investment to reduce disparities within the German state. UKTI should be mandated by the UK Government to perform a similar function. (Paragraph 74)

UKTI notes the relatively high geographical disparity of productivity (GDP per capita) in the UK in relation to comparator countries in north-western Europe. However, it also notes that London has local authorities that rank among the most deprived in the UK, such as Newham, Hackney and Tower Hamlets.

UKTI believes that there are different ways to support the growth of particular areas within an economy and is using a different mechanism to support Wales. Specifically, measured by resident population, the 2014-2020 Assisted Areas Map includes a significantly higher proportion of Wales than Scotland or England. Greater financial flexibilities are available to support companies locating in Assisted Areas than in other parts of the UK and the EU. In particular, the ‘West Wales and the Valleys’ and ‘Cornwall’ areas are the only two UK sub-regions designated as the “a” type of Assisted Area. Here, under European state aid rules, the maximum proportion of a project cost that can be met by the state is higher than the other types of Assisted Area, and indeed, the rest of the UK. This gives West Wales and the Valleys a significant competitive advantage when attracting capital investment versus most of the rest of the UK and Western Europe.

UKTI has no plans to change the overall “UK First” approach to promoting the UK using its overall economic and sectoral strengths.

10. Modern broadband alongside the prospect of rail electrification means that Wales can increasingly offer a lower cost, lower congestion and better quality of life offer to inward investors than London and the South East. We reiterate our previous calls for the establishment of a dedicated trade promotion agency, either sitting within the Welsh Government or as a private sector vehicle working in collaboration with the Welsh Government to drive inward investment projects into Wales. (Paragraph 83)

UKTI is pleased to note the stronger proposition for inward investment that improved communications brings to Wales. HMG have invested £69 million to bring superfast broadband to over 275,000 homes and businesses to date. Working with the Welsh Government and the Department for Transport we have agreed a deal to electrify the south Wales mainline through to Swansea and the Valley lines network to bring a much needed 21st Century boost to the economy in Wales.

It is for the Welsh Government to determine their structures or ways of working however UKTI would be happy to share its experience is requested.

11. We recommend that UKTI ensures a regional spread of businesses are included on overseas trade delegations and that Welsh companies are given opportunity to participate. (Paragraph 91)

Companies across the UK may participate in trade delegations. UKTI is surprised at suggestions that Welsh companies are not sufficiently encouraged to participate. It does
however, welcome the challenge, and will redouble efforts to ensure that participation is truly representative of the UK.

12. We recommend that the Wales Office and Welsh Government, as a matter of routine, inform all Welsh Members of Parliament and Assembly Members about upcoming trade delegations so that they in turn can inform relevant businesses in their constituency. We recommend that such a system be in place by the beginning of 2015. (Paragraph 92)

We accept the recommendation in part. For appropriate delegations, the Wales Office will inform Welsh MPs and Assembly Members about forthcoming trade delegations so that business can be informed, and urge the Welsh Government to do the same with information on their trade missions.

13. We recommend that the Wales Office and Welsh Government seek greater opportunities for joint overseas trade delegations, at both the ministerial and official level, where interests align and to promote Wales internationally as a place to do business. (Paragraph 94)

The previous Secretaries of State for Wales have raised the issue of joint overseas delegations with the Welsh Government on several occasions and members of the Committee have seen the most recent correspondence that we have sent on the subject.

The Government remains fully prepared to engage with the Welsh Government and be involved in joint trade missions, where appropriate.

UKTI is happy to explore opportunities for joint overseas trade delegations, at the ministerial and official level, where interests align, and where such delegations meet a business need and do not duplicate existing overseas visits.

Culture and language

14. We recommend that the British Council’s Board of Trustees includes a permanent Welsh representative, to ensure that Welsh interests are represented at the highest level of the British Council. (Paragraph 113)

Currently, the Chairs of the Scotland, Wales and Northern Ireland Advisory Committees take a rotating seat on the Board, on a two year rotation. The British Council board recognises the importance of ensuring the concerns and interests of Scotland, Wales and Northern Ireland are understood and reflected in the decision making and work of the British Council.

The British Council are developing proposals for strengthening the relationship between the Board of Trustees and their Advisory Boards, including the Welsh Advisory Board, to ensure they have significantly more influence on planning and decision making at the highest levels of the organisation. In addition, they will consult the Welsh Government and Welsh institutions on their draft Corporate Plan to ensure alignment with their objectives.

15. The British Council does some good work to promote Wales, most notably with the excellent Welsh Language Project in Patagonia, Argentina. However, there are other parts of the world, including the USA, with a notable Welsh diaspora or where there is
an interest in the Welsh language. We recommend that the British Council investigate other opportunities where Welsh culture and language can be promoted to overseas markets. (Paragraph 111)

The British Council work in several countries with Welsh diaspora including the US, Canada and Australia, working through key regional and national organisations and events in those countries.

British Council Wales is responding to international interest in Wales’ bilingual education system by hosting inward visits by education professionals and policy-makers. Delegations from New Zealand undertook extended study visits to Wales in 2012 and 2014. They will also be receiving a high-level delegation from the Serbian government’s education department in early 2015 to look at how bilingualism policy in Wales is developed and implemented.

The British Council works with artists and organisations – both Welsh and English speaking – helping them to achieve their international ambitions. They are building on opportunities to promote contemporary literature with universities in Canada and the USA that have Welsh or Celtic studies departments. We are also supporting Theatr Iolo to take their new production of Adventures in the Skin Trade (a Dylan Thomas adaptation) to Australia in 2015. From October 2014 to January 2015, as part of the Starless and Bible Black Dylan Thomas Centenary celebrations, the British Council and Wales Art International are supporting a series of poet exchanges between Wales and India and have also arranged for the Welsh/Indian band Ghazalaw to play at the Mumbai Literature Festival – launching their debut album in India.

In Brazil, the National Museums and Galleries of Wales (NMGW) are emerging as a leading partner, an exchange network which positions Wales for long-term influence in the Brazilian museums sector. They also expect the NMGW to play a significant part in the next museums conference which the British Council will be organising in Brazil.

As part of the 2015 UK season in Mexico, the British Council is currently developing a programme with Dance Dome to present the best of Welsh contemporary dance. The films produced for the Dance Dome have been screened in Fulldome theatres and Planetariums across the world including USA, Argentina, Canada and Russia promoting the work of Welsh based choreographers and Welsh digital innovation.

16. We recommend that the UK Embassy in Argentina should have a specific strategic goal to help promote the Welsh language in Patagonia and foster relations between the region and Wales. (Paragraph 114)

The British Embassy works closely with the British Council on promoting both the Welsh language and culture in Argentina. Currently we have a specific focus on celebrating the 150 anniversary of Welsh settlement in Patagonia. HMG also share a wider strategic goal of developing our overall people to people links between Argentina and the UK.