



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

Y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol

The External Affairs and Additional Legislation Committee

17/10/2016

Agenda'r Cyfarfod
Meeting Agenda

Trawsgrifiadau'r Pwyllgor
Committee Transcripts

Cynnwys Contents

- 4 Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest
- 5 Gadael yr Undeb Ewropeaidd: Y Goblygiadau i Gymru—Gwasanaethau
Cyhoeddus
Leaving the European Union: Implications for Wales—Public Services
- 23 Gadael yr Undeb Ewropeaidd: Y Goblygiadau i Gymru—Gwasanaethau
Cyhoeddus
Leaving the European Union: Implications for Wales—Public Services
- 42 Papurau i’w Nodi
Papers to Note
- 42 Cynnig o dan Reol Sefydlog 17.42(vi) i Benderfynu Gwahardd y
Cyhoedd o Weddill y Cyfarfod
Motion under Standing Order 17.42(vi) to Resolve to Exclude the
Public for the Remainder of the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o’r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i’w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Dawn Bowden Bywgraffiad Biography	Llafur Labour
Michelle Brown Bywgraffiad Biography	UKIP Cymru UKIP Wales
Suzy Davies Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Mark Isherwood Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Steffan Lewis Bywgraffiad Biography	Plaid Cymru The Party of Wales
Jeremy Miles Bywgraffiad Biography	Llafur Labour
David Rees Bywgraffiad Biography	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)

Eraill yn bresennol
Others in attendance

Yr Athro/Professor Marcus Longley	Prifysgol De Cymru The University of South Wales
Michael Trickey	Ysgol Fusnes Caerdydd Cardiff Business School
Dr Victoria Winckler	Sefydliad Bevan The Bevan Foundation

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

Alun Davidson	Clerc Clerk
---------------	----------------

Gwyn Griffiths Uwch Gynghorydd Cyfreithiol
Senior Legal Adviser

Gregg Jones Y Gwasanaeth Ymchwil
Research Service

Rhys Morgan Dirprwy Glerc
Deputy Clerk

*Dechreuodd y cyfarfod am 13:33.
The meeting began at 13:33.*

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau Introductions, Apologies, Substitutions and Declarations of Interest

[1] **David Rees:** Good afternoon. Can I welcome Members and the public to this afternoon's session of the External Affairs and Additional Legislation Committee? We will continue our inquiry into the implications of Brexit upon Wales following the decision by the people of the UK to seek departure from the EU. Can I remind Members, before we start, that, if you have any mobile phones or electronic equipment that is on, either put them on silent or switch them off, please. The meeting is bilingual, and, if you wish to have translation from Welsh to English, please use the headphones on channel 1. If you require amplification, then this is available using the headphones on channel 2. There's no scheduled fire alarm, so, if one does occur, please follow directions of the ushers.

[2] We've had apologies from Eluned Morgan, but there'll be no substitute. Before we start, declarations of interest: I'd like to put on record that I'm a member of the Bevan Foundation.

[3] **Jeremy Miles:** Me as well, Chair.

[4] **David Rees:** Thank you, Jeremy. Any other declarations of interest?

[5] **Steffan Lewis:** Just a point of clarification, as we're discussing public services, do we have to declare that we have spouses working in the public sector?

[6] **David Rees:** Not in this case, as long as it's on the record of interests.

[7] **Steffan Lewis:** It is.

[8] **David Rees:** Okay.

13:35

**Gadael yr Undeb Ewropeaidd: Y Goblygiadau i Gymru—Gwasanaethau
Cyhoeddus**

Leaving the European Union: Implications for Wales—Public Services

[9] **David Rees:** In that case, can I remind Members, therefore, as has already been highlighted today, we are talking about public services? We have two evidence sessions. For the first session, can I welcome Victoria Winckler, from the Bevan Foundation, and Michael Trickey, from Cardiff Business School but also Public Services—

[10] **Mr Trickey:** 2025.

[11] **David Rees:** 2025. Thank you very much for your attendance. I suppose, perhaps, I'd ask the first question and raise the issue that the Bevan Foundation produced a paper, 'Wales after Brexit', and in it you stated that:

[12] 'It will require strong leadership, a clear vision for a post-Brexit Wales, a new approach on many key policies and the ability to unite people in common cause.'

[13] Accepting that there are still uncertainties on the UK position, how far do you see us moving down that road here in Wales?

[14] **Dr Winckler:** I think if you—. To continue the analogy of a road, I think we're still with the light on red, if not red and amber. I think the vast majority of people are very uncertain of where that road's going, to keep the analogy going, and it's therefore quite difficult for most leaders to take a view about what they should do. I think all that we can hope is that the position does become clearer, so that it's clearer how they need to respond. I don't think we've gone very far down that road at all.

[15] **David Rees:** And is that as much a fault of the UK level as the Wales

level?

[16] **Dr Winckler:** I think there is a lack of clarity at the UK level. Some statements have been made recently that clear the position a little bit, but there are some fundamentals that are still not known. I think, after the Chancellor's budget in November, we might know a little bit more in respect of plans for public spending.

[17] I do think there are things that can be done at the moment in terms of, for example, assessing the extent to which you have non-UK-born EU nationals in your workforce and having a plan B, should they all have to, or wish to, leave. I think, if you are an organisation that particularly employs a lot of low-skilled migrant workers, you'd need to take a view on what you might do should you not be able to recruit.

[18] I think, in terms of public spending, it's unknown and I think, in terms of the economy, it's very unknown, except that, for sectors that are dependent on substantial EU subsidies, like agriculture, or sectors that are big exporters to the EU, like the automotive sector, you can probably, certainly both at a Wales level and locally, almost like stress test—I think that was the word that we used—the ability of the economy to withstand shocks. But it's very difficult to know, because it's just not clear what the trading arrangements will be.

[19] **David Rees:** Since we're talking about public services, has the guarantee that's been given by the Chancellor to continue the funding of programmes basically until their completion eased some of the pressures and concerns in the short term in relation to what happens after Brexit?

[20] **Dr Winckler:** I think it buys—for organisations running EU-funded programmes, it buys time, in that it allows you to consider what you might do at the point at which that EU funding ends. But I think we suggested in the report that EU funding is actually a relatively small proportion of the Welsh Government's budget, although it's obviously bigger for some service areas. But I don't think that is the biggest challenge, to be honest.

[21] **David Rees:** Michael.

[22] **Mr Trickey:** The words that you're going to hear a lot, which you're probably hearing already, are the word 'potentially' and the word 'uncertainty', because that defines the whole territory. But, going back to

your first question, I think the big challenge is how you manage uncertainty. Uncertainty is just a fact of life now, and it's going to be a year or two before that settles. I think how we manage uncertainty is, in terms of public services, quite a significant issue—it's not easy. I think, as Victoria was saying, it's partly about providing authoritative briefing to public services as the picture gradually unfolds.

[23] So, what does it mean? What does the chancellor's commitment mean? What will the procurement analysis mean? So, there's something about communication as the process unwinds, or else public services will either pick up or work out their own messages, which may or may not be coherent and consistent. So, an authoritative source of advice and interpretation would be very helpful for them I think. And at some point—probably not now, but probably not too far ahead—I think there's an issue for Wales about contingency planning. We know that the UK Government didn't do contingency planning ahead of Brexit, which is why we've had all the confusion since. But as the picture solidifies, it seems to me it's quite important that, at a national level, there's some sort of contingency planning—a 'what if' analysis.

[24] On the economic point, as Victoria says, we'll hopefully have a sense after the autumn statement about part of that. On the other moving bits on the economic jigsaw, you've got what's going to happen to inflation and that's going to be significant for the public services because of the pay bill as well as procurement, and then to what extent the economy as a whole is impacted by whatever model of separation that the UK Government decides on and what that does for tax revenues. So, all those things are uncertainties now, but I suspect that, gradually, over the next six months some of that will begin to become a bit clearer. Is inflation going to be a significant factor? I think we should probably know by the time of the next budget. Are we talking about a short term economic blip or something more significant? Again, I think we'll have a clearer sense probably by next spring. So, I think you can begin to see there is a pathway in all of this. It's just really important that that's mapped out.

[25] **Jeremy Miles:** Obviously, public services are a significant part of the Welsh economy and I believe that about a third of migrants of working age or thereabouts work in the public services. You mentioned the question of workforce planning, Victoria. Can you outline the scale of the issue, in a sense, if you're able to, for public services in Wales of, I suppose, the various scenarios around free movement and what may come ahead?

[26] **Dr Winckler:** I think the first thing that I would say in response to that is that we don't have as much information as would be ideal. We know how many non-UK-born EU doctors there are and that's quite accurate. I think the information on the nursing workforce is not quite so robust and I think we have virtually nothing on the social care workforce, but I stand to be corrected if needs be. I think we also don't know how those workers might respond or, indeed, how their employers might respond—whether they will decide they want to stay. Some of those migrant workers have been in Wales for many years: their children go to school, they're in college, they've grown up here and they regard Wales as their home. I think there are other migrant workers who, certainly anecdotally, are saying 'Well, I think I might go'. So, we don't really, as far as I'm aware, have the information on which to base a planned response.

[27] **Mr Trickey:** I think that's right. There are about 15,000 EU workers in our public sector—that's devolved and non-devolved—and the public sector population is about 375,000. But in judging the significance of that, it's important to recognise that the labour market is actually changing anyway for public services. As has been covered quite a lot in the press, we have an increasing problem for greying within the health service and a shortage of GPs and so on as older GPs are retiring and moving out. So, we're not talking about a situation that's static. Even though the numbers are not huge, at the margin they're potentially very important. So, in terms of doctors, I think they're thinking about 300 to 400.

13:45

[28] **Dr Winckler:** Five hundred. But if they're all in one specialism, and they all decide to go, then that's a significant—. I'm sure that data is there, but certainly we've not been able to look at it.

[29] **Mr Trickey:** We've found it hard to find.

[30] **Jeremy Miles:** That was my next question, actually. It's not specifically on doctors, but I was sort of assuming, from the responses that you've each given, that we have, at best, an imperfect picture of the skills mix of the people we are talking about who might be at risk, so to speak. So, presumably, we have a better picture in some of the clinical grades in the health service because of the planning involved there. But the picture generally is not very clear, presumably.

[31] **Mr Trickey:** Victoria was talking about social care. I've done my rule-of-thumb calculation on the basis of the UK figures. But, actually, that's not terribly helpful because the UK figures are skewed by the very significant weighting in London and the south-east of England. There are much higher levels, but it could be something in the order of about a 1,000 or 1,500 in the social care workforce. The issue there is that, whereas I think there is a sense, from the health think tanks, the medical staff and the specialists will probably—their flow will still be enabled under whatever new system emerges in terms of a new immigration system and a point count and all the rest of it. But quite lot of the workers are not highly specialised, and there might turn out to be much more of an issue about the labour market in terms of the kind of medium and lower-skilled ends of public service needs.

[32] **Jeremy Miles:** And are you aware of local authorities and other public sector bodies who are embarking on a planning process at this point? To what extent have you got visibility of that scenario planning, and so on?

[33] **Dr Winckler:** I'm not aware of that, but that's not something we've been looking at in detail. So, it's not to say it's not happening.

[34] **Mr Trickey:** I've got no evidence it's happening. That's not to say it isn't, but we've not seen any sign of it—visibly, anyway.

[35] **Jeremy Miles:** Okay, thank you.

[36] **David Rees:** Suzy, then Dawn.

[37] **Suzy Davies:** Just on the same issue here, who do you think is best placed to gather this information and what information do we actually need? I'm thinking of social care in particular. We have people working in social care from the EU who are actually over-qualified for the role they carry out. So, it's not just a question of how many, but who and where, as well. Would you agree with that?

[38] **Dr Winckler:** Yes, 'Who's best placed?' is a very good question. I won't waffle; I don't have an answer.

[39] **Suzy Davies:** That's fine. Neither do I.

[40] **Mr Trickey:** Most of the useful data, we found, is from the Welsh

Refugee Council, who are doing some work with the Migration Observatory at Oxford. Whether that's the place to do the kind of deeper analysis, I don't know, but they're the people who seem to me to have got the most understanding.

[41] **Suzy Davies:** Okay, thank you.

[42] **David Rees:** Dawn.

[43] **Dawn Bowden:** I think you answered the question about the preparedness of public services. We really don't know, do we? So, we'll have to wait and see on that. But can you tell me from your work with public services what you consider to be, through this process—and given all the other uncertainties and everything that we're going through—what are potentially the best and worst case scenarios we could be facing now? And what do you think should be the Welsh Government's priorities in terms of public services, in terms of feeding into the Brexit negotiations around the public services? Not too big a question, I know.

[44] **Mr Trickey:** I'll start it and then Victoria will make sense of it. If you look at the projections by the Health Foundation and the Institute for Fiscal Studies and the other economists, they mostly have a worst case that suggests that austerity will have to be extended by at least another two to three years. So, the current plans are up to 2020 and they're mostly saying that, on balance, they expect economic growth to be lower than it would otherwise have been expected, and that will impact on tax revenues. So, austerity, they say, will have to extend a bit further. That's going to be significant, because there are already funding pressures, as we know, building up at the moment. The Health Foundation last week pointed to a potential £700 million shortfall for the NHS in Wales and that will be replicated in England and Scotland. The Institute for Fiscal Studies is pointing to a £500 million real-terms cut on current plans in the Welsh budget. So, if austerity is extended further, that's probably going to mean a higher number. The worst case is that there will, potentially, be a significant impact on public spending, which will just squeeze straight through into Wales via Barnett.

[45] So, it comes back to the contingency planning and the point I was making earlier. If that were to be the case, there are some very difficult choices ahead, and in a way, it would be good for those choices to be articulated and discussed openly, I think, because there could be some quite

difficult decisions. I think that's where the toughest stuff lies, in those numbers.

[46] The labour market, we've talked a bit about, and I think that will depend. My guess is that it will be less of an issue for the highly specialised, highly qualified workforce and it may be more of an issue for others. Procurement, at the moment, it looks as though that's within the gift. The legislative power resides within the UK.

[47] The other thing I'll just say—because there's this issue that it's not about the money, it's about social inclusion—is hate crime. That's another side of the kind of dynamic, which we don't really talk a lot about in terms of public service policy, but I think at the moment, all I can say is it could potentially be quite significant.

[48] **Dr Winckler:** I've had the benefit of being able to scribble down a few ideas while Michael was talking. Austerity is clearly one of the worst cases. I think the second one is in respect of if large numbers of non-UK citizens decide to leave, and in particular, if that affects certain quite specialist areas of public services—so, I don't know, if all the doctors in a certain specialty decide that there are opportunities elsewhere, that would be a significant issue.

[49] The impact on the economy could well lead to knock-on effects in terms of demand for public services if the impact on the economy is negative. We know that a weak economy generates demand for everything from more free school meals to increased amounts of social care and health services and so on. Then there are some small specialist areas where no longer having EU regulation—for example, of medicines—might make a difference.

[50] And then, last, I would repeat the point about social cohesion. I think the potential mix of tensions between different social groups combined with austerity could bring significant challenges.

[51] **Dawn Bowden:** And those would be the areas that you would see as being the concerns that Welsh Government should be taking into the Brexit negotiations. Welsh Government's not actually directly involved in the Brexit negotiations, as you know, but feeding into the process, those would be the key areas that you—

[52] **Dr Winckler:** I think they're areas where they need to have a watching brief, without doubt, and also be prepared: if EU legislation in devolved fields is repealed, then what would the Welsh Government wish to put in its place? That needs planning now. Clearly, that list of issues that I mentioned is a whole host of 'what ifs' and almost all of those depend partly on the terms of leaving the EU, but also on UK Government decisions. So, I think it's quite difficult for the Welsh Government to decide what it wants to do, but those issues should be on its watch list.

[53] **Dawn Bowden:** Okay. Thank you, Chair.

[54] **David Rees:** Thank you. Steffan.

[55] **Steffan Lewis:** Thank you, Chair. You mentioned earlier the idea of contingency planning and the difficulty in deciding who should be doing and carrying out the contingency planning, but clearly there's a period of uncertainty since the referendum. I think one of the concerns that many people will have is, once article 50 is triggered, and then we're into periods of prolonged negotiations, even if they go swimmingly and they end up taking just two years, that's still two years where, actually, this uncertainty we're having now will probably be nothing compared to the uncertainty of that because there will be running commentaries all the time. So, in terms of mitigating that level and intensity of uncertainty, would it be reasonable, do you think, for the Welsh Government to say, 'Well, we know what devolved competencies we have, and therefore it's our role to mitigate and to plan for contingencies, especially now we know that article 50 will be triggered by the end of March next year'? Would that be a reasonable starting point for the Welsh Government, do you think?

[56] **Mr Trickey:** In terms of devolved services, yes. The degree of detail you can put into that—. As I said earlier, I think probably now is probably too soon. We probably just need to have a bit more sense of how significant the economic issues are going to be. It's still a highly contested area of debate in the UK at the moment. But my guess is that, gradually, over the next three or four months, we'll be able to have a more evidence-based assessment of what the likely economic impacts are going to be. In a sense, I suppose it's a question of what you might call scenario planning, really, looking at two or three different patterns in the way that we do with economic forecasts. You could apply the same thing, looking at the public services and those challenges, and particularly if there's a better sense of those data about the labour force, which I think are needed, and a better sense of the impact of

different scenarios for demand. So, I think it begins to become possible. It's just a question of knowing at what point you kick-start that process off. But I think you're right; I think just letting the situation run right through the negotiations is going to foster a lot more uncertainty and anxiety among those involved, I think.

[57] **Dr Winckler:** If I could just add, I think leaving the EU is absolutely not a reason to do nothing. I mean, there are things going on. Irrespective of where Wales is in the world, we've still got demographic change, we've still got technological change, we've still got climate change, we've still got a relatively weak economy, and those things are still there, and they'll be there this week, next year, and in 10 years' time. So, if you like, leaving the EU is just another difficulty to put into that mix that has to be managed. So, the last thing I think any public sector leader should be doing is parking the changes that need to be made because we don't know about Brexit. I think there are some other big challenges out there too.

[58] **Steffan Lewis:** Although there are known unknowns and unknown unknowns, to coin a phrase, there is lower hanging fruit, so to speak, from the Welsh Government. You talk about the labour market, and we've seen in universities—I know that's not technically, maybe, public sector—that there have been concerns raised about staff, whether they want to stay here, whether we'll be able to attract staff to our universities. What stops the Welsh Government from commissioning YouGov to have an opinion poll of migrant workers in the NHS in Wales, in education or in any sectors, to try and understand and feel, 'Well, actually, there's a trend here that if we go down a certain path, Wales will be disadvantaged because we will be less attractive for certain specialisms'? What stops that?

[59] **Mr Trickey:** I think the health Minister made a start with this, didn't he? There was a statement in August really addressing the issue of reassuring migrant workers who are currently employed in Wales that they were still an important, necessary and welcome part of the labour force. But I think there is a big issue of communication, because the swirl of communication, particular on the labour force, needs a clear voice, I think.

14:00

[60] I noticed in the papers over the weekend that there were a number of reports where they had talked to medics and clinical staff in the NHS—not just in Wales, but looking across the UK—who are suddenly feeling that the

UK is not a place for them anymore. So, there is something about giving a much clearer message that Wales, if that's the view, is open, welcoming and still wants to be an attractive place for the kind of workforce that we currently have. The danger otherwise is that people will start to vote with their feet, if there's no countervailing voice.

[61] **Dr Winckler:** We might not know where we're going, but I think we at least should know more and have a clearer picture of where we are and the limits of the data. Arguably, we haven't needed to know until now what the country of origin or citizenship of the workforce is, and I think times have changed and we do need that now.

[62] **David Rees:** Is it fair to say that it's better that we do need to find out that information and to gather that so we are in a position to, exactly as you say, understand where we are, so that we have a map to know where we're going? So, that would be expected now.

[63] **Dr Winckler:** Well, I would say that I think it is for the Welsh corporate whole—not just Welsh Government, but the Welsh public sector, universities and so on—to decide where they want to go, as you do with all strategic planning, and then you just factor in your external factors. I do think that sitting waiting for the latest position on the negotiations is going to result in stasis. We need to carry on.

[64] **Steffan Lewis:** Presumably, if the Welsh Government decided—. Because, whilst I take your point that it's got to be a corporate Wales, or a team Wales effort, the political leaders have to step up, direct it and at least gather data. If we gather data on attitudes as things stand in the labour force in the Welsh public service, surely then we could make positive interventions. Going back to the recruitment issue, of course, there's a recruitment problem with the NHS generally, but if we feel, and if the Government discovers, that actually it's even more challenging now, then it can decide to put in place, before article 50 is triggered, a new recruitment strategy for the country to sell Wales as a destination for migrant doctors and other professionals to come and work. That wouldn't be an unreasonable expectation of a devolved administration, would it?

[65] **Mr Trickey:** And there's been some quite good polling done at a UK level in exactly that field, so it would be a question of—

[66] **Steffan Lewis:** Applying the methodology.

[67] **Mr Trickey:** [*Inaudible.*]—and applying it to Wales.

[68] **Steffan Lewis:** Okay. Diolch yn fawr.

[69] **David Rees:** Suzy.

[70] **Suzy Davies:** You mentioned earlier contingency planning and looking ahead to legislation being repealed at some point. Now, of course, one of the advantages of the great repeal Bill is it conserves all the working rights, working directives and all the rest of it that we already have. But, looking ahead from a public services point of view, are there any obvious candidates that it would be helpful to repeal?

[71] **Dr Winckler:** The public sector constantly chafes and moans about the procurement legislation. I am not a procurement expert, but it seems to me that we should have a fresh look at what it would be like without EU constraints and what sort of procurement regime we would like. I think we could similarly do it in respect of environmental legislation: what sort of environmental protection system would we like in Wales, and what would be the role of the public sector in enforcing and regulating and being the guardian of the environment? There's a whole host of things.

[72] **Suzy Davies:** I'm not trying to make you a hostage to fortune, I promise you that. It was just a genuine question of what comes to the top when you think about it.

[73] **Dr Winckler:** Procurement is the obvious one, I must say.

[74] **Suzy Davies:** Thank you.

[75] **David Rees:** Jeremy.

[76] **Jeremy Miles:** Victoria, you gave a list there of all the other major challenges or factors that are in play, any one of which is a significant challenge to grapple with, and I'm interested in the impact of policy changes and demographic changes on each other, as well as on this issue. One of the things obviously under way is in terms of the organisation of local government, the proposals in relation to co-working, collaboration and regional footprints, and the like, and I'm wondering what your thoughts are on how that issue and the impact of coming out of the EU might play one on

another.

[77] **Dr Winckler:** I thought you might ask that. [*Laughter.*] The Bevan Foundation doesn't have a view on local government reorganisation. My own view is that there are counteracting pressures that make deciding a way forward extremely difficult. I think the financial pressures are clearly such that they are driving towards bigger, more efficient, more cost-effective organisations, which, if that's all you're interested in, makes some sense. But I think there are also very strong messages in the small print of the vote, if you like, about people feeling that they didn't have enough say in decisions, that they wanted their voice heard. That, for me, points towards a slightly different direction of travel, in terms of how our public services are organised. So, I'm not going to give you a blueprint for a new map, but just feel immense sympathy for those who do have to do that.

[78] **Jeremy Miles:** You're clearly suggesting that a more, kind of, localised form of delivery, or accountability at least, would be what you perceive to be one of the demands from Brexit.

[79] **Dr Winckler:** Potentially. I mean, we have said that I think there were some very important messages about people feeling very disconnected and I think we do need to look at how people have a say in our public services. That isn't necessarily to mean that you have to have, you know, the such-and-such parish council delivering something.

[80] **Jeremy Miles:** Do you have any thoughts about what that might look like?

[81] **Dr Winckler:** No.

[82] **Jeremy Miles:** Okay. [*Laughter.*]

[83] **Mr Trickey:** There is no absolute necessity for larger collaborations not to build in the mechanisms that provide that kind of way forward for accountability. So much, I think—assuming this happens—is going to depend on the creativity of those designing the arrangements. It sounds to me as though we're not talking about a single pattern; I mean, the whole of health and social care might form one pattern and economic development another. So, it should be an opportunity to come up with some really interesting ideas.

[84] **Jeremy Miles:** Well, I suppose there's a lot of opportunity there to do something creative if these aren't operating to one map, I suppose, in terms of marrying a larger footprint for delivery with a more localised footprint for accountability or input of some sort.

[85] **Dr Winckler:** What I will say is that, having worked in a local authority through the 1996 reorganisation and been a non-executive director on a health board through both a merger of two trusts and then the merger of the trust with the local health board, structural change is extraordinarily disruptive. The attention is taken away from dealing with the big strategic challenges, towards firefighting the stuff to do with, you know, workforce planning, premises and liabilities, and so on, and so forth. I mean, there's never a good time to do a reorganisation, but I think there are particular risks at the moment.

[86] **Mr Trickey:** The one other factor is co-production, which is now the prevailing ethos, increasingly, which is exactly about flexibility and responsiveness to individual circumstances and needs. So, if this is to work, I think it probably means a very different feel to the way that public services look.

[87] **David Rees:** Mark.

[88] **Mark Isherwood:** I'm delighted to hear you say that. Of course, the co-production revolution predated austerity, although, yes, it's a tool that can help address all these issues. We've heard the Bank of England deputy director this weekend talk about the paradox of the falling pound being the opportunity to have a shock absorber that might help offset, with small inflation but exports, and putting employment as a priority before interest rate increases. Last week, the Economy Infrastructure and Skills Committee heard from the chief scientific officer good news that the UK, or Wales in particular, had been attracting world-class scientists, many of whom came from outside the EU, but have been recruited, nonetheless, post referendum. Tomorrow, I know, we have a statement from the communities committee on refugees and migration issues. It will be interesting to hear what they have to say. But given the conversation that's being held about the impact on recruitment and retention of overseas people to the UK and Wales labour market, are there any examples internationally, outside the EU, where sovereign nations with their own sovereign migration policies are managing well the needs of their economies, at every level, by balancing the political imperatives against the economic needs? I'm talking about a separation here

from refugee and asylum seeker, which I see as a separate moral issue to the economic need of the nation.

[89] **Dr Winckler:** I don't know. I haven't done sufficient work on it to give you an answer, I'm sorry.

[90] **Mr Trickey:** My guess is the answer is that you will find international examples—some of the south-east Asian economies, for example. The issue it seems to me that's distinctive here is that we are doing a separation, so it's not as if we are in an independent situation, with a virtually clean sheet of paper, and building relationships. We are, in a sense, in the middle of trying to extract ourselves from one very complex set of relationships, and establishing a platform for a different kind of set of relationships. That's a process that I think not many countries have gone through in recent times. So, it seems to me that we probably are, in a sense, a kind of guinea pig for how to manage that reshaping process in economic terms.

[91] **Mark Isherwood:** Rather than being a guinea pig, we should be looking at international best practice, as well as looking at how we can better re-able our own domestic workless population.

[92] **Mr Trickey:** Learning from wherever we can learn.

[93] **Mark Isherwood:** Thank you. And, again, comments you made, I think, on people voting the way they did because they felt their voices weren't being heard, and then reference to co-production, hopefully you would agree that this isn't just about ensuring that Wales continues to receive the funding it has historically, via Brussels, but that we spend that most effectively. Are you able to expand on how you would like to see that delivered—assuming we get ongoing structural funds, or a replacement for structural funds—to maximise the benefits that you're indicating should be prioritised?

[94] **Dr Winckler:** I think the best position of all would be to be so prosperous that one no longer needed, or qualified for, EU structural funds. But given that is a little way away, I think the priority for any external investment should be in jobs and skills. I think we've been pursuing the gross value added crock of gold, perhaps, without giving enough consideration to the employment consequences of that, and I would say that's where any external funding should continue to go—into jobs and skills.

[95] **Mark Isherwood:** Can I just ask—? Clearly, I agree, but, often, you can get a horse to water, but you can't make it drink, and there are often broader issues—family breakdown, substance misuse, educational failure and so on. So, in terms of tackling the barriers that prevent people crossing that bridge to the job market, how could that be focused?

[96] **Dr Winckler:** In the long term, having a decent, well-paid job is very closely associated with not having a problem family breakdown, substance misuse et cetera. It's not a direct relationship, but there is a close association. So, if we can, in the long term, have a prosperous economy for everybody, then that is the way that you can reduce all those other social ills. I accept that, in the short term, there's a sort of chicken-and-egg problem, but as I understand it anyway, EU funds, or successors to EU funds, for the most part can't be spent on those kinds of things anyway.

[97] **Mr Trickey:** It's a slightly awkward discussion, because Victoria and I will be saying a bit more about this, under another hat, in a couple of weeks' time.

[98] **Mark Isherwood:** Okay. It does depend on how much we receive, and in what form, and to the extent to which it goes to Welsh Government for it to make the decisions, and to the extent to which those decisions will be predetermined, and none of us know, but, thanks, that's helpful.

[99] **David Rees:** Can I expand upon that question? In one sense, the Chancellor's commitment and guarantee extends to programmes approved in this round, but clearly west Wales and the Valleys would unlikely have hit the GVA level without any support and therefore it would have been entitled to transition funding under the next scheme. Is there a fear that there won't be sufficient funding coming down, because it is a funding issue, in one sense, to be able to provide that support? What are the possible longer-term implications of not having that funding in those west Wales and Valleys communities, where some of the most deprived areas are?

14:15

[100] **Dr Winckler:** I think now is probably the time to be asking the question about what would we would do if we didn't have that money? How would we fund, say, an apprenticeship programme? How would we fund chunks of our further education? How would we fund our future investment? The answer may well be that you need to use other revenue streams—start looking at

things like devolved taxes or greater fiscal powers for Welsh Government. I think that, if those funds are lost, they will leave a short-term hole, but what I've heard people say locally is, 'Other places in the UK can fund their apprenticeships and build their own roads et cetera without EU funds and, therefore, why do you believe that Wales can't survive without them?' But I do think, and it goes back to the point that Michael made earlier in terms of contingency planning, those are some very difficult questions that need to be asked and answered.

[101] **Mr Trickey:** You were asking what the opportunities were as well as the threats, and it's natural that we talk a bit more about the threats. So, one of the things that will be interesting to see in the autumn statement—. So, the Chancellor has been making noises about relaxing or changing tack on capital spending, and we've got things like the city regions, in various states of development, and active plans, which will, in both cases, I think, involve quite significant capital spending. So, it's important that we're ready to exploit those kinds of opportunities. But I do think that it's quite hard to imagine an economic development strategy that does not continue to place quite a big emphasis on the western Valleys and on the eastern Valleys. The issue for us is that if there is this continuation of funding, we just have to be sure that we're making the best use of the funding that's available so that we can get away from the situation where the figures just don't change from one decade to the next. So, I think there's a very big challenge and we have to be able to put the case—

[102] **Mark Isherwood:** West Wales and the Valleys include four north Wales counties. I know you know that.

[103] **David Rees:** Earlier, you talked about procurement and, having sat on the sub-committee that looked at the procurement rules for 2014, I understand the complexities that are implied, but we're talking about opportunities, so are there opportunities now for the procurement rules improving, then, for the Welsh economy, and also, perhaps, the state-aid rules issues? Do we now need to start, as you say, preparing for these alternatives and putting the opportunities in place?

[104] **Dr Winckler:** I think there are things that could be done that we're either not able to do at the moment, or it's believed we're not able to do them, and one of the examples might be in terms of the transport industry, for example, where not having EU regulation would give the Welsh Government more powers to direct activity in the bus industry, which is the

bane of everybody's life, including mine, but, similarly, in procurement, and there must be lots of others—more powers to nationalise and support industries in difficult times. But there's then the question of: well, is this really what you want to do with your very scarce public money? So, there are opportunities that then open up a whole lot of additional questions. But, you know, those things need to be looked at and discussed.

[105] **Mr Trickey:** I mean, most of the trade or—. You know, if we're not—. If we leave the EU and went into the World Trade Organization, they do have some sort of regulatory arrangements about state aid, so I don't think we're going to be able to, as it were, completely wipe the slate clean, but I think that, if the question is, 'Should we be thinking about what opportunities there could be for Wales to manage its own procurement and state aid arrangements within those international constraints?', then I'd have thought that the answer is 'yes'—there would be a lot of benefit in doing that.

[106] **David Rees:** Thank you. Steffan.

[107] **Steffan Lewis:** On that question, obviously, the one point about Brexit is that, whilst the Prime Minister insists that Brexit means Brexit, nobody knows what Brexit actually means. So, the big debate, obviously, that's happening at the moment is whether or to what extent we should continue participation within the single market, and everything you've discussed more or less today has been about, well, the economic climate determines revenues, determines investment in public services and so on, and then, on the other hand, we have the question of greater so-called freedoms on state aid. Now, that's a hard Brexit in order to do the kind of 'not abiding by EU rules', which we ourselves have helped to write over many, many decades. Yes, we can have all kinds of rules for state aid, but we don't get the preferential access, or participation, or membership of the single market. In terms of balancing that out, you know, would you rather greater freedom over procurement and state aid or continue participation in the single market, from a public services point of view?

[108] **Mr Trickey:** My kind of view is that the single market probably trumps nearly everything else. So, if it's possible—and we still don't know quite what the Government's stance is going to be on the single market, but in an economic sense, I think there's a straight feed into public services. The more access to the single market survives the process, probably the better.

[109] **Dr Winckler:** I think that's probably right.

[110] **Steffan Lewis:** Just to follow up on that, one of the points that have been raised in the UK Parliament is in terms of, if the UK goes about conducting its own trade deals, it should have an NHS exemption especially, if not a wider public sector exemption, so that our public services are not opened up to foreign intervention by private corporations especially. This was a big debate, of course, in the transatlantic trade and investment partnership discussions, but the former Prime Minister managed to come round to the idea of an NHS exemption. What kind of dangers are there, or possible risks, if we have UK trade deals being concluded that impact directly upon devolved public services, especially when we talk about opening up our public services to aggressive competition?

[111] **Dr Winckler:** I think that's why we need to be clear—'we' as in corporate Wales, or team Wales, whatever you want to call it—what kind of deal would work best. I think there must be concerns about opening up bits of the public sector that, collectively, we don't want to open up, although the private sector is already delivering an awful lot of public services. Equally, I think there are risks about increased foreign ownership of private sector businesses, particularly when the pound is so low. Now, clearly, that forward planning can't dot every i and cross every t, but being clear that, you know, this is a line in the sand for us in terms of, say, the NHS or education, I don't know—that clarity is helpful.

[112] **David Rees:** I suppose there's one final question from me, and I think you've partly answered it. I suppose it's very frustrating, because we are awaiting a trigger to occur. We don't know what sort of vision will go alongside that trigger, because we've been told when we visited Brussels that, clearly, they would expect a vision of where the UK wants to be with the EU and the relationship that it would have. So, we don't actually know at this point in time, perhaps, how we can influence and prepare for certain directions. Your paper, in July, talked about five scenarios, if I remember right. Have any of those scenarios changed in the intervening period between now and July? Is it likely to change as a consequence of what's coming up in the autumn statement and beyond, perhaps?

[113] **Mr Trickey:** Well, we know a bit more than we did when we were writing that paper, but we still don't know a huge amount. One of the things that does seem to be important is the opportunity for Wales to engage with its key stakeholders about what they might want and what they might hope for. The UK Government, I think, is doing, or trying to get going, a big

engagement exercise and maybe there's an argument for Wales to do its own, in terms of looking at exactly those options, and that could involve all the sectors in Wales. I suspect we might find there'll be some common ground with the picture emerging at the UK as a whole. I think we might also find there's some quite distinctive aspects that are particular to Wales. It would be good to try and build up that sense of—going back to the 'team Wales' thing—a collective, shared view across the private sector and business sector as well as the public sector and as well as third sector.

[114] **Dr Winckler:** Has anybody looked at the extent to which the programme for government is deliverable in different Brexit scenarios? I suspect they haven't. And some of those very fundamental aspirations could—we just don't know the extent to which they could be derailed by an agreement on x, or a hard Brexit or a soft Brexit. And there are some—. I just think that kind of scenario, being clear about what we want to achieve, what could derail what we want to achieve, knowing where we are now, it does feel—. I accept there's a lot of uncertainty at the UK level, but I think we can still try and do the best we can within Wales with what we know. If that's not mixing things up.

[115] **David Rees:** Thank you. Do any other Members have any other questions? No. Can I thank you, then, for your evidence this afternoon? It's been very helpful. You'll receive a copy of the transcript. If there are any factual inaccuracies, please let us know as soon as possible. Thank you very much once more.

[116] **Dr Winckler:** Okay. Thank you very much.

[117] **Mr Trickey:** Thanks very much. Thank you for your time.

[118] **David Rees:** We have a short break: reconvene at 2.40 p.m.

*Gohiriwyd y cyfarfod rhwng 14:28 a 14:39.
The meeting adjourned between 14:28 and 14:39.*

Gadael yr Undeb Ewropeaidd: Y Goblygiadau i Gymru—Gwasanaethau Cyhoeddus

Leaving the European Union: Implications for Wales—Public Services

[119] **David Rees:** Can I welcome Members back to this afternoon's session, where we continue our inquiry into the impact upon public services? Can I

welcome Professor Marcus Longley to this afternoon's session? The University of South Wales—I can't remember the title of the organisation.

[120] **Professor Longley:** Welsh Institute for Health and Social Care.

[121] **David Rees:** Thank you, and thank you very much for attending today's session. Clearly, the implications are important. We have a generic picture of the economy, impacts upon the economy but, of course, we are very deeply concerned also about all public services, including the health sector and social care sector. It's not just necessarily the workforce access, but also some of the other points in relation to Brexit. Can I ask to start with: what are your main concerns on the possibility of either a hard or soft Brexit, whichever way it goes—on the impact upon the healthcare sector?

[122] **Professor Longley:** From my perspective, you can divide these into two, really. There are some issues that I think are of quite a significant potential impact and, if they occur, will be of quite substantial significance. And then there are a number of other issues that probably are relatively marginal in terms of how health and social care in Wales is configured and delivered. So, in the latter category would be things like the impact on research funding, the impact on regional assistance funding and so on. In terms of the narrow interest of health and social care, it seems to me that those are relatively small issues. The biggest set are around the workforce and the impact of any potential changes to labour force mobility across Europe and into the UK in particular. And there, I think, there is a distinction to be drawn between, if you like, registered staff and unregistered staff, because the issues are a bit different for those two. Clearly, the current situation, particularly in relation to unregistered staff, is that there is probably a significant dependence in terms of current delivery upon nationals of other EU states. So, there is an issue there: if that were to be affected, that would have a fairly immediate impact if it were to be adversely affected. That raises for me, really, two issues. One is around workforce planning, and the other is around the sustainability of this model generally. So, in terms of workforce planning, I think our record has been chequered at best. Our ability to anticipate our future workforce requirements, and then to arrange for them to be met, has not been terribly good. The sustainability of it requires, I think, that we need to address that as much internally as we depend upon other European states. So, in other words, we need to sort out how many nurses and doctors and social care staff we need in the UK, predict that ahead—and in Wales—and set about training them.

[123] There are significant disadvantages, I think, in the situation we've had to date, where we have to some extent depended upon foreign nationals coming and providing core services. It can be quite an expensive and clumsy way of meeting demand, a quite cost-ineffective way of recruiting staff from European countries and so on. If we could move away from that situation to one where we are more sustainable because of our internal supply, that, I think, in every respect, would be a good one.

[124] **David Rees:** But I just want to clarify that there's a time factor involved in that, which is quite a, I would say, definitely medium-term time factor.

[125] **Professor Longley:** Yes. I think we're probably looking at at least three years hence and, for some groups of staff, many years beyond that. To me, though, the root cause, really—the root to that problem—isn't so much potential changes in immigration rules; it's more about our own capacity to predict what workforce we need in the future. If we could get that right, I think the other problems would become a lot easier.

[126] **David Rees:** Thank you. Dawn.

[127] **Dawn Bowden:** Thank you, Marcus; nice to see you. My question's not around staffing, actually. You've dealt with that to a degree, and I'm sure that others will come in on that. A couple of things: you touched briefly on the whole issue of medical research and what a possible post Brexit might mean to that. So, I'd welcome you expanding on that a little bit and what the concerns might be around that, and whether, linked to that, there are concerns around the future of the EU medical agencies and the EU disease prevention and control mechanisms, and whether taking us out of the EU has any potential implications for the NHS in the UK and Wales. And my final point would be around cross-country treatment and the impact, potentially, on waiting lists, because I know that we do—maybe not to a huge extent, but we do have access to EU countries, which can alleviate some of those. So, sorry, that's three questions in one.

14:45

[128] **Professor Longley:** No, no, that's—. Thank you. In terms of the quantum of money going into research in health and social care—is that likely to be impacted—it must feature, I think, fairly highly on the risk register, because a number of key research programmes have come to depend significantly upon European funding, and there are already signs,

anecdotal at the moment, of that collaboration becoming more difficult in prospect of exit. So, that is a significant risk. The question will be to what extent universities and other funders and researchers can find alternative sources of funding. And that's, I think, a bit of an unknown at the moment; it's very early days. But taking out what has become a significant source of funding has clearly got to be a risk. So, in my book, I think that'll be certainly one to monitor. But it's difficult know what action should or could be taken at this stage, because it seems a little premature. In terms of the regulatory agencies, we have—. In terms of the regulation of pharmaceuticals—was that one of your questions?

[129] **Dawn Bowden:** The medical agency and the disease prevention and control agencies.

[130] **Professor Longley:** Yes. Most of these problems are transnational and we need to co-operate, really, on a worldwide basis, and we've got some infrastructure in place—the World Health Organization and collaborations with the US, and so on. So those, I think, clearly are very important. If we were completely to disengage from all conversations across Europe about the control of infectious diseases, for example, that would be a very dangerous situation. But I find it difficult to understand why anybody would do that. It would seem perverse almost, really, to do that. So, given the fact that these issues are bigger than Europe anyway, and we've had to find mechanisms for dealing with global movement of people, and the good co-operation that has developed, it seems to me that probably is a relatively small risk in practical terms, as far as you can predict.

[131] **Dawn Bowden:** Okay, and the cross-country access to medical—

[132] **Professor Longley:** Yes. I haven't got the numbers in front of me. My recollection is that they are very small, particularly from Wales. I think there is probably more use of continental services in those bits of the UK that are closer to France, for example. So, whilst there has been quite a lot of publicity about some very highly publicised cases, they tend to be about very, very small numbers. And it seems people often go the US for these rare treatments, as they do elsewhere. So, it would seem to me that that's a fairly marginal issue.

[133] **Dawn Bowden:** Okay, thank you.

[134] **David Rees:** Can I expand upon that last point? What was discussed

was cross-country patients for waiting lists, but, of course, there are also cross-country agreements in place for treatments, if you are ill on your journeys. Is there is a need to ensure that that type or part of negotiation, that type of agreement, is in the negotiations so that we maintain those services to ensure that people who travel will be able to benefit from services abroad without having to do the extra travel insurance, which all of a sudden puts an extra cost upon people?

[135] **Professor Longley:** It seems to me that there are probably three aspects to that. One is Welsh citizens going abroad, and the implications, I guess, are fairly obvious, that, if those relatively easy and cheaply administered services were to be withdrawn, that would be a problem for Welsh tourists going abroad. The second issue, I guess, is ensuring that services used in the UK are appropriately reimbursed. Would that become more or less difficult on Brexit? Arguably, it might even become a little easier because some of the boundaries and categories might be clearer. The third is, I suppose, the danger of perverse incentives. Are people likely to seek to abuse the UK healthcare system more or less under Brexit? It's not really clear to me why that would be affected, particularly.

[136] **David Rees:** Because there's a poor history of the UK claiming any funding back for the treatment of EU citizens, which they're entitled to, would you expect that to change as a consequence of it?

[137] **Professor Longley:** I think it's probably fair to say that it hasn't been a huge priority, really, for health boards in Wales over the last period of time. I think that's probably because the numbers are presumed to be relatively small, and there are lots of other things to be doing, as it were. So, that is susceptible to some sort of policy initiative. If the Government were wanting to make that more of a priority, it would be easy to do; the infrastructure is in place. I guess it comes back to the question: is the problem likely to increase or decrease following Brexit? And I'm not really quite clear why it would be affected by Brexit, except perhaps if the categories were clearer, if we didn't have to distinguish anymore between EU nationals and non-EU nationals and so on, in terms of how they are charged, then it might, administratively, become a little easier perhaps, because it would be a little bit more straightforward.

[138] **David Rees:** Thank you. Jeremy.

[139] **Jeremy Miles:** You focused your answers mainly on the health sector,

but if we look at the social care sector, what's your assumption at this stage of the impact, in particular in relation to workforce issues perhaps, of Brexit on the social care sector?

[140] **Professor Longley:** I mean, I think the social care sector in the UK as a whole has become significantly dependent upon EU nationals. To the extent that—. I mean, estimates vary a bit, but perhaps something in the region of between 10 and 20 per cent, and probably more in some parts on the UK than in others. That is a significant issue. That's not trivial. So, the stakes there are quite considerable. If there were to be any serious attempts to prevent incoming staff, or even to repatriate people who are currently in this country, that would have a significantly destabilising effect on the provision of social care, both in the short term and, I think, in the medium to long-term, because—which comes back to the sustainability point—all projections would indicate that we are going to need more people working in the social care sector in the future, because of the simple demographic changes. However that's configured—and it will be configured in different ways—the end result is that we need more people working in that area. So, our capacity to identify, train and employ indigenous people in those roles has got to be limited, it seems to me. It would be very brave to predict that we can source all of those people from local sources, because the numbers are too significant. So I think the stakes there are quite high. If there were to be some sort of hard Brexit that drew down the iron curtain in 2020, that would pose serious challenges.

[141] **Jeremy Miles:** And that's not just with regard to the status of existing EU workers in the UK, that's also in relation to a future supply, as it were.

[142] **Professor Longley:** Yes, as far as you can predict these things, and, you know, that's an important caveat. But there really isn't a conceivable model at the moment that requires fewer people working in social care into the future, and almost certainly the opposite.

[143] **Jeremy Miles:** Okay. Thank you.

[144] **David Rees:** Suzy.

[145] **Suzy Davis:** On the same question really, both you and Michael Trickey indicated that—judging by what you've just said—between 1,000 and 1,500 EU citizens would be working in social care in Wales. But I don't get any sense that anyone really understands where they are, and at what level they

are. Are they right? Because our previous witnesses said that there are no robust data available to indicate quite where and who is working here.

[146] **Professor Longley:** Absolutely, particularly in the unregistered—.

[147] **Suzy Davies:** Yes, the domiciliary care end of things.

[148] **Professor Longley:** Exactly. So, we know numbers of social workers and nurses and so on, but that's not the group we're talking about. So, yes, there is anecdotal evidence and there are some data gathered from elsewhere, which may or may not represent the situation in Wales, but to some extent, we are guessing, yes.

[149] **Suzy Davies:** Do you think it's time to change that from anecdotal to robust data?

[150] **Professor Longley:** Yes.

[151] **Suzy Davies:** Who's responsible for gathering that? What's your view?

[152] **Professor Longley:** I think a number of players have got a role. The care council, I think, will have a legitimate interest in this, but also, probably because it does vary significantly across different parts of Wales, there are regional partnership boards now set up across Wales whose job it is essentially to have an oversight of the health and social care economy in their part of Wales. If they don't know enough about the existing workforce, then it is now becoming urgent because in the past, it perhaps wasn't quite as urgent, but this is now becoming more of an issue. So, I would think that they would have a significant role to play here in understanding their local situation as well.

[153] **Suzy Davies:** Bearing in mind that 1,500—let's say that it's 1,500 working in social care in Wales—that is out of 42,900 EU citizens working in Wales. It's a comparatively small number, but is likely to be a growing number if we weren't leaving the EU. Would that be fair?

[154] **Professor Longley:** I think that the total workforce is certainly likely to expand; over the next couple of years, perhaps not, but over the sort of medium term, the demand for those services will increase.

[155] **Suzy Davies:** Do you think that means that we are going to be looking

outside the EU more determinedly to find, at least in the short term, people to work here?

[156] **Professor Longley:** I think to some extent that will happen. It's a very difficult process recruiting people and the further you get from the UK, the more difficult it gets. Even recruiting EU citizens is a difficult, fraught process—

[157] **Suzy Davies:** For these lower paid jobs, basically.

[158] **Professor Longley:** For all paid jobs, I think, really. Even nurses who have been recruited from Italy and so on. There are a lot of transitional issues for people coming from one country to another: language is a big one, and there are all sorts of other issues like tenancy arrangements and so on and so forth. The amount of managerial time that goes into ensuring that that's a successful transition and that people settle down and so on is not trivial, and when you consider the relatively small numbers of people who are recruited as a result of all of that effort, you've got to wonder really whether we want to be in the situation.

[159] **Suzy Davies:** So, you're saying it's inefficient, I guess. Just one final question on this: again, it would have to be anecdotal, but have you any indication of how many people we have here from the EU, who are directly involved in training anything to do with the health and social sector, probably in universities, I'm thinking—

[160] **Professor Longley:** As students, you mean or—?

[161] **Suzy Davies:** No, as lecturers and professors even.

[162] **Professor Longley:** I don't know, I'm afraid.

[163] **Suzy Davies:** I know it's a bit random as a question, but I'm just curious about teaching streams.

[164] **Professor Longley:** My impression, in nursing, for example, is very few. That's my impression.

[165] **Suzy Davies:** Impression is fine. Okay, thank you. Thank you, Chair.

[166] **David Rees:** Mark.

[167] **Mark Isherwood:** Thank you. Reflecting on the comments that you've already made, can you identify globally, outside the EU, any models where reciprocal arrangements for access to healthcare or refunding payments appear to work quite well as something that we could look to, and similarly in terms of meeting the needs of the workforce, in this case health and social care workers, where domestic management of economic migration does that well?

[168] **Professor Longley:** I am not really sufficiently aware of—. I understand, for example, that between Australia and New Zealand, there are a number of arrangements that recognise the easy transfer of patients and staff between those two countries, but I don't know very much about it really, so I wouldn't be able to say that that's a good or bad example. So, the short answer, I think, to your question is, 'I'm not sure, really.'

[169] **Mark Isherwood:** We talk about reciprocal arrangements for access to healthcare and so on, of course, most of the world isn't in the EU, but many of those nations have active tourist economies on a two-way basis. So, again, in that context, can we look to any models in the Americas or in the middle east or the far east or the southern nations, where there are effective reciprocal healthcare arrangements for tourists and business travellers?

[170] **Professor Longley:** Yes, I think that the situation is significantly coloured by the fact that in many countries in the world, people will have their own health insurance anyway, so when they travel abroad, it's a bit like going to the next city really, in the sense that you assume you already have it. So, to some extent, our arrangements in Europe are unusual in that respect.

15:00

[171] So, I wouldn't be able to say to you that there's a very good example of interchange between Canada and the US, for example, because I'm not sure that it's really comparing like with like.

[172] **Mark Isherwood:** And, finally, you said earlier—I wrote this down—that recruiting staff from EU countries is cost-ineffective and that it would be more sustainable if we trained people domestically. You also indicated earlier your anticipation that the need for overseas recruitment would not diminish. There's a slight contradiction in those two.

[173] **Professor Longley:** Yes, absolutely.

[174] **Mark Isherwood:** What opportunities do you think do exist within what is a large proportion of the Welsh population that's working-age workless, to bring those people into this career opportunity?

[175] **Professor Longley:** I think there are a couple of opportunities. One is about retention. So, we know that a lot of people in nursing, for example, have left nursing for various reasons. Is there anything that we can do to bring a proportion of those back? I think, secondly, there's more we can do, probably, in targeting those sorts of educational opportunities to those communities that traditionally haven't engaged much, particularly with higher education. So, there has been some very encouraging work, I think, particularly in some of the Valleys areas in south Wales, where links are developed with schools, and particularly mature people coming into the nursing profession in their 40s, and paying attention to family circumstances—how you can support people in their training, allowing them to stay in their local area, and all those sorts of things. I think there's probably more that could be done there. So, that would access a proportion of the labour force that currently are not engaging for various reasons so that you could do more there.

[176] But I think, fundamentally, we do have a contradiction, actually, in that this is a service industry that's highly labour intensive. Technology really is unlikely to impact upon our need for labour, and we have an expanding need. However we configure that, whether it's domiciliary care, or nursing home care, or hospital care, it's difficult to escape the conclusion that we are probably going to need to employ more people in it. And retention and addressing communities that aren't currently engaged is helpful, but probably not enough. We have a problem, but we had a problem whether we have Brexit or not.

[177] **Mark Isherwood:** Thank you.

[178] **David Rees:** Steffan next.

[179] **Steffan Lewis:** Thanks, Chair. One of the big dilemmas that are on the horizon now, from a Welsh perspective, is the fact that so many issues are devolved, and are the responsibility of either the Welsh Government or the Assembly, or both, but that the UK Government, if it presses ahead with this

desire for a hard Brexit, will, all of a sudden, have a far greater impact on our public services that are devolved than ever before. One of the big benefits of free movement of labour and people across Europe is that it has given freedom to Welsh Government, and Welsh public services, in terms of recruitment and so on. Do you have in mind, or have you given any considerable thought to how, if we do have a hard Brexit, we could accommodate Wales's particular public service need, in terms of labour, alongside a more powerful Westminster that may have enhanced responsibilities for migration?

[180] **Professor Longley:** I suppose there are a couple of aspects to that. One is, as employers, can Wales's public services collectively do more to make themselves more attractive? And they certainly can. My concern would be the prospect of diminishing returns in that, as we've previously discussed. The second, I guess, would be: could Wales as a nation negotiate arrangements with other nations that would facilitate that outside the context of the UK? That seems somewhat problematic really, but discussions can take place with particular regions of Spain, or wherever—Wales to the Basque Country, or whatever it might happen to be—and I'm sure there is some scope for that.

[181] The other aspect that we haven't really touched on is outside the context of the workforce, but in terms of the regulation of, for example, pharmaceuticals. That is very much now organised on a European basis. Is that to continue or not? If it isn't, that is quite a significant disruptive influence, both for the pharmaceutical industry and also, potentially, for health services.

[182] **David Rees:** Steffan, any further questions?

[183] **Steffan Lewis:** Yes. I think that's a very interesting point that is worth exploring further. The European frameworks, therefore—are they EU or EEA or both, or is it one of those few European institutions that covers the continent rather than the political club?

[184] **Professor Longley:** It covers everybody who opts in, I think, really, which is—

[185] **Steffan Lewis:** And that includes non-EU states.

[186] **Professor Longley:** Yes.

[187] **Steffan Lewis:** So, presumably, it might be worth considering our continued participation in that framework.

[188] **Professor Longley:** Yes. The Medicines and Healthcare Products Regulatory Agency based in London has been a major player in that infrastructure, and the European Medicines Agency itself is based in London. So, I guess it's possible that some of that will be disrupted as the implications of this are worked through.

[189] **David Rees:** Thank you. Jeremy.

[190] **Jeremy Miles:** In looking at the various models for a relationship with the EU post Brexit, many people have suggested the Norwegian model as a way forward. Obviously, it's within the EEA and therefore has a modified form of freedom of movement, if you like. My understanding is that, in particular in the health context, because its membership of the EEA doesn't confer European Union citizenship on citizens, there are limitations as a result of that on the reciprocal relationships with regards to travel overseas and reimbursement for health treatments generally and the rights for treatment. Is that something that you've considered?

[191] **Professor Longley:** It isn't, I'm afraid. No, I don't know enough about that. Sorry.

[192] **Jeremy Miles:** Okay.

[193] **David Rees:** Thank you. Michelle.

[194] **Michelle Brown:** Coming back to your point about the social care workers and our dependency on immigrant workers to work in that sector, are you aware of what the difficulties and challenges are in recruiting people who are already here to do that work? Why are we so dependent on immigrant workers for that sector? Why aren't we providing our own?

[195] **Professor Longley:** I guess there are a number of reasons. One is about the attractiveness of the job. So, are we able to offer people all the things that people would quite rightly expect—a decent wage, reasonably predictable hours and all of those things? So, is it an attractive package for people? The vast majority of the jobs are filled by people who live here. So, for most people, it clearly is. But there's an issue there about terms and conditions, I guess, essentially—how attractive they are. Jobs that require a

level of prior training—. A lot of it is done on the job, but those jobs that require you particularly to have some sort of qualification and to have obtained that—I think that does take us into the discussion we were having a little a bit before about are the universities very good at appealing to local people and providing them with the sort of training that they need in a way that they can cope with, given that many of these people will and should probably be mature people? They're not 18-year-olds. They are quite often people returning to work or wanting to change their job, perhaps after having children or whatever it is. That requires a degree of flexibility, which is a bit of a challenge sometimes for some of the training providers. I guess that's the best sort of explanation we can reach for, really. I think you're pointing to a lack of much research on this. It's a bit—we're left resorting to educated guesses.

[196] **Michelle Brown:** What I'm trying to get at is, how do we get our own—how do we get people to actually do those jobs so that we're not as dependent on immigrant workers? It seems to be that they're very, very low paid. It seems to be that we're just exploiting them. When the immigrant workers aren't available, the wages go up. That's not fair on the immigrant workers, is it?

[197] **Professor Longley:** The introduction of the living wage may help. We don't know yet. So, that will be, I guess, one of the biggest changes that's about to come. Will that have an impact? I guess quite a lot depends upon the state of the UK economy too. So, in a situation where we've got relatively low unemployment, that's bound to have a knock-on effect on all sectors of the economy. So, that's probably a factor too. But I think, if we have a problem now, it is likely to get worse, in a sense, because our need for these workers, over the medium to long term, is probably going to increase.

[198] **David Rees:** Thank you. Suzy.

[199] **Suzy Davies:** Workers' terms and conditions, such as they are, are currently protected by EU law and will continue to be until the great repeal act, or whatever it's called. I'm going to ask you what I asked the previous witnesses: is there anything in this particular sector that comes to the top of your list for being repealed?

[200] **Professor Longley:** In terms of European—?

[201] **Suzy Davies:** Not in terms of conditions of employment, but anything

else.

[202] **Professor Longley:** That's currently required by European law—

[203] **Suzy Davies:** Currently required by European law—that actually it's a bit of a barrier to anything. It may be a meaningless question bearing in mind it's a complementary competence, but—

[204] **Professor Longley:** Off the top of my head, I can't, really.

[205] **Suzy Davies:** That's fine.

[206] **Professor Longley:** I think, in a sense, health and social care has always been kept largely outside European competence anyway, so it has primarily been a national matter. So, we haven't seen, I think, much specific European legislation affecting that sector. Clearly, employment rights and so on will affect everybody. So, there isn't an enormous amount, it seems to me, to disentangle as we exit.

[207] **Suzy Davies:** That's good. You mentioned earlier the non-regulated sector, because, obviously, the regulation Bill came in last year, didn't it? Do you have any concerns that the domiciliary end of provision is likely to be facing more threats in the short term while we go through this phase? What I suppose I mean is: are we likely to be seeing people who are coming here to work in the low-skill sector deciding, 'Actually, we're going to go home because we don't think there's any future here'—actually exacerbating the problem that you referred to right at the beginning of your evidence?

[208] **Professor Longley:** I don't know whether domiciliary care would be particularly adversely affected compared to the others where people work. There are some significant shifts taking place in the balance of—. Residential care, for example, is in long-term decline, but domiciliary care and nursing home care are in long-term increase, so there are already some quite significant changes taking place in that sector.

[209] **Suzy Davies:** That's helpful, it's just that our previous witnesses indicated that there might be certain sectors that were very adversely affected.

[210] **Professor Longley:** It would be speculation, I think, really.

[211] **Suzy Davies:** Thank you for that.

[212] **Dawn Bowden:** Just a quick question on the mutual recognition of professional qualifications that we have with the EU. If that were to go as a result of our new arrangements with the EU, would that cause a huge amount of problems or not? Because I notice the majority of foreign medical staff that we have in Britain are actually non-EU. Is that right?

[213] **Professor Longley:** Yes. I would imagine that we will retain in this country the ability to set the rules, as it were. So, that means we can have mutual recognition with individual countries, and because, as you say, a relatively small number of countries account for the majority of the people who come, that isn't too impossible a task. Where it becomes more difficult— . In terms of medical staff, the numbers are relatively small, but our dependence is quite significant on overseas supply, depending, of course, on the impact of Mr Hunt's recent announcement—maybe that will become less so as that works through—but at least until then. The bigger numbers, I think, are in areas like nursing, where quite a spread of countries are now supplying people to work in the NHS, because we have actively sought people from Romania and Italy and Spain and several other countries. So, there would have to be some careful thinking, I think, about that. Can we automatically assume that an Italian nurse, provided they can speak good enough English, can work in one of our hospitals? That, I suspect, as time goes by, will become more and more problematic.

[214] **Dawn Bowden:** Thank you.

[215] **David Rees:** You alluded earlier to the regulations aspect on health, because you focused very much on the workforce, but as you have identified, there is the regulations aspect. There's the tobacco products directives coming out as well, and of course the new psychoactive substances issues that are being addressed in Europe. What could be the possible dangers to the NHS and to public health if we don't accept and adopt some of those regulations?

15:15

[216] **Professor Longley:** I guess it very much depends upon individual regulations having different effects, but in broad general terms, the UK will always need, I guess, to satisfy itself that it's got the appropriate measures in place to control inward migration and also to control any outbreaks that may

occur whilst in this country. And—

[217] **David Rees:** But it's not just outbreaks, because some of them are actually public health issues. Some of those directives are actually about improving public health, not necessarily an outbreak.

[218] **Professor Longley:** What sort of thing, Chair, do you have—

[219] **David Rees:** Well, if you take the tobacco products directive, which had a particular impact upon e-cigarettes, which we went through for a long time in the last Assembly in the public health Bill, those directives and those regulations do impact upon public health across Europe. Therefore, do we need to ensure that any negotiations that exist will take into account the implications of the directives and those regulations within Europe, because they are public health issues, which we may, if we're not careful, fall foul of here in the UK if we don't have the same rules?

[220] **Professor Longley:** I think that clearly must be a danger, yes, but I guess there are a whole series of product regulatory-type arrangements that go well beyond health—health and safety issues and so on—that are going to need to be addressed. Whether those that impact directly on public health present a unique challenge, I'm not sure they do.

[221] **David Rees:** My final point is on TTIP. It was mentioned earlier that TTIP is perceived to be a dangerous threat to the privatisation of our health services and public services. Is it important that any negotiations we have—? Clearly, we're in a situation where we may have different Governments in positions of power that have different ideologies and therefore look at it differently. What is the situation with TTIP and the timescales that you might expect to apply if we left the EU before TTIP was completed, and the rules and roles of our negotiations following that?

[222] **Professor Longley:** There are two or three bits to that, aren't there? One is: as far as I'm aware, the lawyers are still arguing with each other about what precisely would be the implications of TTIP for public services like the NHS. So, I don't know what the settled legal opinion is on that. That seems to be very much in contention, still. So, there is a possibility that TTIP would have had no effect at all, but that's contested.

[223] Another issue is if there is a difference of approach between, for example, the UK Government and the Welsh Government, because this does

become an ideological issue to some extent as well. So, this has always been an inherent issue, but it really isn't much to do with Europe. It's to do with the complexity of the devolution settlement in the UK, really, and how to deal with if there's a clash in that way. So, Brexit, it seems to me, doesn't make that any worse or any better.

[224] Is there anything in particular that Wales needs to watch out for now in that particular area? I guess the issues are still fundamentally the same. Even if there were a bilateral agreement between the UK and the US, for example, that embodied some of those TTIP aims and principles, then we come back to the lawyers' question: does it matter anyway? That, again, seems to be highly contested. Sorry, I'm not really being much help to you. This seems to be quite obscure, really.

[225] **David Rees:** No, I think you've highlighted the complexities and perhaps there's still a need to have a clear understanding of TTIP. Do you want to come in, Mark?

[226] **Mark Isherwood:** If I may, just briefly on that related point, I understand that the European Commission has made it quite clear they wouldn't agree to a TTIP that would have the effect of enabling overseas bidders to privatise the NHS, for example, but most of the complaints or concerns expressed to me came from people saying, 'Why hasn't the UK Parliament'—they were thinking in a UK context—'or the devolved Government or Parliament had a greater say over what's in this?' regarding this. So, the paradox is that exit would give that. In fact, in Westminster, there's been a series of debates and committee inquiries about TTIP and the implications on the public sector. That takes us to the *acquis communautaire*. The Prime Minister has said that the body of European law will be transposed into UK law, or, in certain cases, English and Welsh law, which would mean that any subsequent changes would be a matter for the Parliament, and in terms of health and social care it would be for the Welsh Government and Assembly to determine that. So, to what extent can you see in the future, after exit and with EU law embedded into English, Welsh/UK law, a future Welsh Government and Assembly having to itself give consideration to these matters?

[227] **Professor Longley:** That I think is quite a complicated question, really, isn't it, because a lot of it depends upon what you're talking about and how things pan out over the next few years, and the impact of any change in the devolution settlement and so on? But, again, as a sort of broad-brush

answer, we are currently subject to various supranational frameworks and constraints, and we are evolving a way in which Wales can impact on those, either through Westminster or sometimes directly. Those constraints I think will still be there, but probably in a slightly different form; it won't be now as members of the EU, but it probably will be as part of being members of this, that and the other. So, that issue stays the same, it seems to me. I'm not sure that anything fundamental in that regard changes with Brexit.

[228] **Mark Isherwood:** Can I ask one other—is there time or not?

[229] **David Rees:** I'll bring Jeremy in on this one first, then I'll come back to you.

[230] **Jeremy Miles:** In terms of the scenario planning that's going on within various constituent parts of the NHS in Wales, what visibility do you have of that? What's your impression of the level of scenario planning that's going on at the moment?

[231] **Professor Longley:** In relation to Brexit?

[232] **Jeremy Miles:** Yes.

[233] **Professor Longley:** I would say it's very low. There is concern about existing staff feeling under pressure and feeling uncertain about their own personal future. I think health boards have moved to try to reassure staff currently working in hospitals and the community that their future is as secure as it possibly can be, but that remains an anxiety, I think. In terms of scenario planning, as you suggest, I think there has been almost none, as far as I'm aware.

[234] **David Rees:** Thank you. Mark, do you want to come back?

[235] **Mark Isherwood:** On a different one, I refer back to your comment earlier about the need for us to be training the future workforce locally, recognising that age demographic has changed and so on, and that we should be attracting people in their forties—there's one term you used—back into this, or even into this. Again, therefore, how important, whether we have Brexit or not—that's a comment I think that you've made a few times—but in this context, Brexit, that we do have, either in north-east Wales—. Glyndwr University used to provide qualifications for nurses; that was taken off them. There have also been issues with postgraduate social care qualifications,

where they're no longer available there. If a mature student or a student have personal circumstances that mean they can't go away to university, that's driving them to places like the University of Chester and into, potentially, the English system, and lost to Wales. So, under any potential administration, how important is it that we reprioritise, in this case, HE, for particular health and social care roles, to target those local labour sources?

[236] **Professor Longley:** I think it is quite important, really, because there is reason to believe that there is an untapped workforce, putting it in rather crude terms: people who would—particularly more mature people—want to work in these caring professions, but, for various reasons, are put off by the way in which it's currently organised, or whatever. So, there is probably a significant number of people who could be attracted into services. I wouldn't offer that as a panacea because I don't think it is, but it could make a useful contribution, particularly in those areas where there are probably more people waiting to be recruited, as it were.

[237] **David Rees:** Can I just ask one final question? You indicated that there had been very little or no contingency planning to this point in time or preparation. It's clear that the situation is that the UK Government is not quite explicit on some of its negotiation positions yet, which they would argue is because they don't want to give the game away too early, or whether they've got there and not answering the question. Is it fair to say that health boards at this point in time, and other bodies such as those, would be better served if they waited until they had an idea of what the UK position is before they start contingency planning, so they don't go into too many models that could be unnecessary, in one sense?

[238] **Professor Longley:** I think that's a very good point, yes, and I think that probably explains why people have done very little so far, because there are so many uncertainties about this, you know, where would you start? There is also a question about who, when we talk about the NHS, we mean in this context. Local health boards have a particular set of interests, but there are a number of other things that are operated at a national level, too. So, I think you would need to think about who needs to be involved in that thinking when the time comes, but I think I would tend to agree with you that, at the moment, there are too many uncertainties, really, for it to be worth while people sitting down and thinking about it in any great depth at the moment.

[239] **David Rees:** Thank you. Do Members have any other questions? No

further questions, therefore can I thank you, Professor Longley, for your evidence this afternoon? You'll receive a copy of the transcript. If there are any factual inaccuracies, please let us know as soon as possible. Once again, thank you very much.

[240] **Professor Longley:** Thank you.

15:26

Papurau i'w Nodi
Papers to Note

[241] **David Rees:** The next item on the agenda for Members is papers to note. Can we note the minutes of the meetings held on 3 and 10 October 2016? Are Members happy? Yes.

Cynnig o dan Reol Sefydlog 17.42(vi) i Benderfynu Gwahardd y
Cyhoedd o Weddill y Cyfarfod
Motion under Standing Order 17.42(vi) to Resolve to Exclude the Public
for the Remainder of the Meeting

Cynnig:

Motion:

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

accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[242] **David Rees:** Under Standing Order 17.42, are Members happy to resolve to meet in private for the remainder of this session? Members are content. Thank you. We move into private session.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 15:26.

The public part of the meeting ended at 15:26.