



Llywodraeth Cymru  
Welsh Government

# The Co-operation Agreement Annual Report

2021-2022

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**Mark Drakeford MS**

First Minister of Wales



**Adam Price MS**

Leader of Plaid Cymru

# Foreword

**A year ago, the Welsh Government and Plaid Cymru signed a Co-operation Agreement. The Agreement set out a series of commitments – in which we have common interests to implement progressive solutions – to tackle and address issues that take the greatest policy and political effort to resolve, and to make a real and lasting difference for the people of Wales.**

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The Agreement outlines a three-year programme of policies, from working together to explore the long-term future of social care to meeting our shared commitment of a million Welsh speakers by 2050. This is the first report detailing the progress made since last December to deliver against this ambitious programme.

Against the backdrop of the cost-of-living crisis, the coronavirus pandemic, the war in Ukraine and the emerging humanitarian crisis on our doorstep and, of course, the political turmoil in Westminster, we have made significant progress in the first year of the Co-operation Agreement.

Working together, we have started the rollout of universal free school meals for primary school pupils; we have put in place a wide range of radical interventions to address the proliferation of second homes in many communities and support people to afford to live in their local communities, and we have taken the first steps to expand high-quality childcare to younger children, with a particular emphasis on strengthening Welsh-medium provision.

It is encouraging to see the significant number of commitments that we have been able to develop, progress and implement in only the first year of this Agreement. But more remains to be done to fulfil the full suite of commitments and achieve the promise of radical reform.

As we embark on the second year of the Agreement between the Welsh Government and Plaid Cymru, our focus will be on building on the momentum of this first year and reaching decisions on those areas which are currently under development. Most importantly, we will continue to work together and achieve our ambition to deliver for the people in Wales.

# Executive Summary

Since we signed the Co-operation Agreement on 1 December 2021 we have made real progress on the policy commitments set out in the Agreement.

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This annual report highlights progress made since the signing of the Agreement last December and provides an overview of what we have achieved by working collaboratively together.

The Co-operation Agreement is an ambitious, three-year programme of commitments. Extensive work is ongoing across the Welsh Government to progress and develop the policy underpinning all 46 commitments so that they can be announced and delivered during the lifetime of the Agreement. We look forward to making further announcements over the next two years.

## Working together we have to date:

- Ensured an additional **45,000 children were offered a free school lunch** upon starting school this September as we began rolling out our universal primary free school meal commitment. Supported by **£200m revenue funding**, all primary school children, and more than 6,000 nursery-age pupils attending a maintained school, will be eligible for free school meals by 2024. This has been supported by **£60m in capital funding from the Education portfolio** to improve school facilities and put in place the necessary infrastructure to secure delivery. We have also agreed that free school meal provision for lower income families will continue in school holidays.
- Taken the **first steps in the expansion of free high-quality childcare** to all two-year olds in Wales, with the Flying Start programme being expanded to 2,500 more children under the age of four.
- Introduced a new package of measures to help people live in their local communities and to address high numbers of **second homes**. This includes acting using the planning, property and taxation systems.
- Announced an **independent review of flooding events** across Wales during the winter of 2020-21.
- Introduced the **Agriculture (Wales) Bill**, with work ongoing on further amendments which we will publish jointly during Stage 1. The proposed **Sustainable Farming Scheme** has also been published which includes details of the transition period including stability payments.
- Appointed Jane Davidson to chair the work to examine potential pathways to **Net Zero by 2035**.
- Secured an agreed **way forward on Senedd reform**. The Senedd has voted in favour of recommendations put forward by the Special Purpose Committee on Senedd Reform.
- Established an expert panel to explore the creation of a **Shadow Broadcasting and Communications Authority**. The Authority would be tasked with drawing up plans for, and steps towards, an alternative broadcasting and communications framework for Wales in readiness for the devolution of broadcasting and communications powers.



- Announced £11m of investment over the next three years for the **Arfor 2 programme** to boost economic prosperity in Welsh-speaking communities.
- Launched a consultation on a new cross-government, mission-based **innovation strategy for Wales**.
- Ensured **free Welsh lessons** are available to all 16- to 25-year-olds from September 2022.
- Passed **new Welsh language Standards** for nine UK bodies in the health sector — eight professional regulatory bodies and the Professional Standards Authority.
- Confirmed the biggest ever investment in **flood protection** – more than £214m over three years.
- Appointed an expert group to support the creation of a **National Care Service** which is free at the point of need.
- Launched a public consultation about giving local authorities a discretionary power to introduce a **visitor levy**.
- Launched a consultation on changes to the statements of What Matters Code and guidance to improve the teaching of **Welsh history** in all of its diversity in schools.
- Passed the **Tertiary Education and Research (Wales) Act**, which sets out a new vision for the future of post-16 education and creates a new national steward for post-16 education to expand lifelong learning, focus on learner welfare, and support our colleges and universities.
- Following the introduction of the **Social Partnership and Public Procurement (Wales) Bill**, which was developed in social partnership, we are continuing to work together to ensure the legislation strengthens public procurement and worker representation.
- Published and consulted on phase 1 proposals for a **fairer council tax**.
- Consulted on legislation to **eliminate profit from the care of children looked after**.
- Announced Sharron Lusher as chair of the Vocational Qualifications Review Board, which will **review the vocational qualifications** on offer to learners and employers in Wales.
- Agreed the scope of a new **Culture Strategy** and issued an invitation to tender for a lead partner to work with us to deliver it.
- Taken forward work to develop a new **National Contemporary Art Gallery for Wales**.

# Budget Overview

In the first year of the Agreement we have put in place a three-year budget agreement to strengthen public services, tackle the climate and nature emergencies, and improve educational opportunities.

The budget includes a series of funding commitments to reflect the three-year Co-operation Agreement.

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# Governance Framework and Oversight Arrangements

Siân Gwenllian MS and Cefin Campbell MS have been appointed Designated Members for the Co-operation Agreement, working closely with Welsh Government Ministers to realise the commitments in the Agreement. Ministers and Designated Members meet regularly to progress the commitments, with Joint Policy Committees taking place at regular intervals to reach consensus.

The First Minister and Leader of Plaid Cymru retain oversight of the Agreement and hold monthly meetings of the Oversight Board to review progress and next steps.



## Policy programme

# Radical Action in Testing Times

In this first year of the Co-operation Agreement, we have focused on those commitments which will help support people during the cost-of-living crisis. We have worked swiftly to put in place a range of measures, which will have a direct impact on all generations. We will continue to build on this progress in the next 12 months.

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**Free school meals** – We have invested £60m in school kitchens and dining rooms to support the rollout of free school meals to all primary school children in Wales, and the extension to more than 6,000 nursery-age pupils attending a maintained school.

From September 2022, the youngest children in primary schools began receiving free school meals as the policy was phased in. We have worked closely with schools and local authorities to plan and prepare for the rollout, which will be completed by September 2024.

Revenue funding of up to £200m has been provided for local authorities to deliver the commitment – £40m is available in 2022-23; £70m in 2023-24 and £90m in 2024-25.

During this unprecedented cost-of-living crisis, younger children are more likely to be living in relative income poverty, which is why the youngest learners are the first to benefit from the rollout of free school meals in primary schools.

Together we have also been able to announce that free school meal provision will continue to be offered to children from lower income families in Wales during the school holidays, up until the end of next year's February half term. The extension of the provision will support lower-income families through the cost-of-living crisis, as energy and other costs are expected to rise over the winter. £11m is being provided to fund the support in an agreement between the Welsh Government and Plaid Cymru.

**Childcare** – We are committed to expanding free childcare to all two-year olds, with a particular focus on providing and strengthening

Welsh-medium childcare. We have taken the first step in delivering this via the excellent Flying Start programme.

From September 2022, the Flying Start programme was expanded to reach up to 2,500 more children aged 0 to four by increasing the Flying Start target areas in every local authority in Wales. Children under four in these areas will be able to access Flying Start services, including childcare for those aged two to three.

An investment of nearly £100m to support this agenda was announced in September. The funding includes £26 million for the next phase of the expansion of part-time Flying Start childcare; £70 million for improvements and essential maintenance available to all childcare settings and £3.8 million to support more childcare providers and the sector to improve their Welsh language provision.

This funding will enable further expansion of access to funded childcare for two-year olds from 2023-2024. As we continue to deliver on this commitment, families across Wales with children aged two will have access to funded childcare.



Deputy Minister for Social Services Julie Morgan and Designated Member Siân Gwenllian visiting a childcare setting



**Future of social care** – Our shared ambition is to create a National Care Service, free at the point of need, continuing as a public service.

As a first step, we set up an expert panel with representation from social care services, local government, finance and economics, academia and experience of caring. We are considering the panel's report and recommendations which will inform our implementation plan to deliver on our shared ambition in practice.

**Second homes** – We have taken immediate and radical action to address the proliferation of second homes and unaffordable housing affecting many communities in Wales and set out a radical programme to ensure that everyone has the opportunity to afford to live in their local community – whether that is buying or renting a home.

We have introduced three new planning use classes – a primary home, a second home and short-term holiday accommodation. Local planning authorities, where they have evidence, will be able to make amendments to the planning system to require planning permission for change of use from one class to another. We have also introduced changes to national planning policy which will allow local authorities to better manage the number of second homes and short-term holiday lets in local communities.

From 1 April 2023, we are increasing the maximum level of council tax premiums from 100% to 300%. Councils will be able to use their discretionary powers to charge council tax premiums on second homes and long-term empty properties at any level up to the maximum.

We have increased the letting criteria for self-catering accommodation to be listed for non-domestic rates. Currently, properties that are available to let for at least 140 days, and are actually let for at least 70 days, in any 12-month period are liable for non-domestic rates rather than council tax. These thresholds will change

to 252 days and 182 days respectively from 1 April 2023. This ensures that self-catering properties are classed as non-domestic only if they are being used for business purposes for the majority of the year.

We are working with local authorities to develop a national framework so they can request increased land transaction tax rates for second homes and holiday lets to be applied in their local area.

We recognise that empty dwellings, particularly those which have been empty for long periods, can present problems for local communities. In the last financial year (2021-2022), we made £11m available to local authorities whose communities are impacted by second home ownership and holiday lets so they can buy and renovate empty homes for social housing. We also approved further funding for Carmarthenshire and Pembrokeshire local authorities to assist them with empty homes purchases and renovations totalling more than £13.5m.

We are now taking further measures to bring a higher proportion of existing homes, and especially empty homes, into common ownership at local level. We are introducing a national Empty Homes Scheme underpinned by up to £60m in funding. Measures contained in the Welsh Language Communities Housing Plan – launched in October – will also help in this endeavour.

In July, we confirmed our commitment to introducing a statutory licensing scheme which will make it a requirement to obtain a licence to operate visitor accommodation, including short-term holiday lets. We will be consulting on these proposals.

**A Fairer Council Tax** – we are committed to reforming council tax to make it fairer and more progressive. The reforms would ensure a more progressive approach to supporting essential local services which council tax helps to pay for, including schools, social care provision, policing, fire and rescue services, and road infrastructure.

Council tax pays for around a fifth of spending by councils and forms a key part of local democracy, but the current system is nearly 20 years out of date and contributes to wealth inequalities. Our vision is for a future system which rebalances the tax burden on households, funds services that benefit everyone, and has regular updates to keep the tax fair.

We launched a Phase 1 consultation in July 2022 seeking initial views on an ambitious package of reforms for delivery by the end of this Senedd term, as the starting point on a journey to a fairer and more progressive system. The proposals include completing a revaluation of all 1.5 million properties in Wales to ensure valuations are up-to-date and people are paying the right amount of tax. We propose to design a new system of bands and tax rates that is less regressive, including considering adding more bands to the top and bottom ends of the scale if needed, creating a fairer tax. The purpose of the exercise would be to rebalance the liability between households, not to raise additional

revenue. We also propose to embed regular updates to keep council tax fairly distributed on a more regular basis. We plan to improve the framework of discounts and exemptions to ensure the arrangements are aligned to our goals, and we intend to improve the Council Tax Reduction Scheme which provides vital support to many low-income households.

We are now considering the responses to our Phase 1 consultation and we have a great deal more work to do, working with partners in local government and the Valuation Office Agency. A Phase 2 consultation is planned in due course to outline proposals in further detail.

**Visitor levy** – We launched a public consultation about giving local authorities the power to introduce a visitor levy in September 2022. Feedback from the consultation will help us to shape the development of the levy, including how the proceeds should be used locally to support tourism.



Minister for Finance and Local Government Rebecca Evans and Designated Member Cefin Campbell visited tourism sites in Portmeirion and Penygroes to discuss proposals to give local authorities the powers to introduce a visitor levy

# A Greener Wales to Tackle Climate Change and the Nature Emergency

This summer, we have experienced periods of extreme heat in Wales, while on the other side of the world, in Pakistan, there have been devastating floods, displacing tens of thousands and killing hundreds of people – more reminders of the urgency of the climate and nature emergencies. We continue to work together to meet our Net Zero targets, while also developing a new sustainable form of farm support for our agriculture sector.

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**Flood review** – The independent review of flooding events across Wales during winter of 2020-2021 is being led by Professor Elwen Evans KC. It will help ensure Wales learns from previous flooding events and embeds good practice for the future. The review will consider evidence from investigations carried out by local authorities and Natural Resources Wales, as well as other relevant reports.

**Agricultural pollution** – We continue to work with the farming community to deploy the Water Resources Regulations 2021, taking an approach targeted at those activities known to cause pollution. We announced in October our intention to provide for a short extension of the implementation of one measure from 1 January 2023 to April 2023, accompanied by consultation on a temporary provision for farm businesses to apply for a licence for a higher annual holding nitrogen limit of up to 250kg/ha until 2025, subject to crop need and other legal considerations. In parallel to this, we will undertake a further, specific Regulatory Impact Assessment considering the economic and environmental

impacts of the 170kg/ha annual holding nitrogen limit and will review the implications of this assessment for the future deployment of the regulations.

**Net zero** – We have commissioned independent advice to examine potential pathways towards net zero by the earlier date of 2035 – the current statutory target date is 2050. Former Environment Minister Jane Davidson will lead this work, which will involve an analysis of research and data and involve a wide range of stakeholders.

**Flood capital investment and national resilience** – Our commitment to invest more into flood management and mitigation and respond to the increased risk of flooding has been demonstrated through our largest investment in flood risk management – more than £214m over three years. This will deliver major flood and coastal erosion schemes, identify local needs, improve key flood risk systems and develop future projects. The funding will also help improve forward planning and how we respond to the changing risk brought about by climate change.

**Tree planting** – We are committed to working with the farming community to encourage woodland creation on less productive land. We have also changed woodland creation grant rules so that projects must demonstrate they meet the high standards required by our schemes before funding is allocated. This includes meeting the UK Forestry Standard and holding meaningful community consultation that considers impacts on the community, including the Welsh language.

**Sustainable Farming Scheme** – We are committed to supporting farmers by introducing a transition period, including stability payments, as we reform the system of farm payments. We have proposed this will begin on 1 April 2025 and end on 31 March 2029. This will provide much needed stability and ensure no farmer will face a cliff edge in their funding support.

This work is underpinned by the Agriculture (Wales) Bill, introduced to the Senedd in September.

# Reforming the Foundations of Wales

The first year of the Co-operation Agreement has been marked by extraordinary turmoil in the UK Government, culminating in the fifth Prime Minister since the EU referendum in 2016. Despite repeated changes in Prime Minister, significant constitutional issues, which have their roots in the Brexit vote, remain unresolved. It is against this backdrop that we continue to support the important work of the Independent Commission on the Constitutional Future of Wales and are using the powers we currently have in Wales to build a better future for ourselves.

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**Senedd reform** – The Special Purpose Committee on Senedd Reform report was published at the end of May and the Senedd subsequently voted in favour of the Committee’s report and recommendations. There is now a considerable amount of detailed policy and legislative work underway to prepare legislation for introduction to the Senedd in line with the agreed timeframe.

**The Independent Commission on the Constitutional Future of Wales** – The Commission continues to progress its programme of work, including through a public consultation launched in March 2022 and extensive engagement with stakeholders and the wider public. The Commission is working to publish an interim report by the end of 2022, followed by a full report with recommendations by the end of 2023.

**Broadcasting** – We have set up an expert panel to explore the creation of a Shadow Broadcasting and Communications Authority for Wales. The expert panel will provide recommendations and options to help strengthen Wales’ media and support the development of plans for an effective and fit for purpose regulatory framework for Wales.

The Authority’s remit would include aiming to strengthen Welsh democracy and close the information deficit; bring together and coordinate in a structured way the Welsh Government’s existing efforts to strengthen the media in Wales and innovations to support the Welsh language in the digital sphere such as amam.cymru; enhance media pluralism and the use of the Welsh language on all media platforms. It would also be tasked with developing a strong evidence base to support the case for the devolution of powers to Wales.

The expert panel is co-chaired by experienced Welsh broadcaster Mel Doel and Professor Elin Haf Gruffydd Jones.





Minister for Economy Vaughan Gething and Designated Member Cefin Campbell launching £11m Arfor 2 programme during a visit to Canolfan S4C Yr Egin in Carmarthen

**Arfor** – We are investing £11m over the next three years in Arfor 2, a new programme to be delivered by local authority partners which will help strengthen the economic resilience of Welsh language communities. The scheme builds on the experience and evaluation of the earlier Arfor programme launched in 2019, the Welsh Government funding will be available to the four local authorities of Gwynedd, Ynys Môn, Ceredigion and Carmarthenshire. The main objective of Arfor 2 is to support the communities that are strongholds of the Welsh language to flourish through economic interventions which will also contribute to increasing opportunities to see and use the Welsh language on a daily basis. The funding will support a number of strategic interventions, including a focus on opportunities for young people and families, to enable them to stay in or return to their home communities.

**Children looked after** – As part of a radical transformation of services for care experienced children and young people, we are consulting on legislation to eliminate profit from the care of children looked after. The initial focus is on the private provision of residential care for children, alongside independent sector foster care.

**Reform of the school day and year** – On 30 June 2022, the Minister for Education and Welsh Language released a Written Statement committing to a formal public consultation on the structure of the school year during the 2022-2023 academic year. This decision was made following policy development and wider engagement with a range of stakeholders, including social research on perceptions around the current school year which concluded that there is public openness to looking at alternative ways of structuring the school year. We have engaged extensively with education unions about any potential reforms and these discussions will continue.

Trials of Additional Enrichment Sessions ran between January and May 2022. The trials guaranteed five hours a week of enrichment activity for more than 1,800 learners from 13 schools and one college. The trials focussed on more disadvantaged learners. Design was based on international models and was co-produced with participating schools. Informal feedback suggests the trials were beneficial, particularly in terms of learner engagement and participation. These trials are currently being evaluated and a final report is expected later this year.

**Reforming qualifications** – A board has been set up to review vocational qualifications on offer to learners and employers in Wales. Sharron Lusher, previously the principal of Pembrokeshire College and chair of Colegau Cymru, will chair the board. The review started in July 2022 and will consider the steps necessary to significantly expand the range of made-in-Wales vocational qualifications to fit the needs of learners and the economy in Wales.

The **Tertiary Education and Research (Wales) Act 2022** has passed into law. The Act sets out a new vision for the future of post-16 education and creates a new national steward for post-16 education to expand lifelong learning, focus on learner welfare, and supports our colleges and universities.

This will mark the first time in Wales' history that all elements of post-16 education – including colleges, universities, adult education, apprenticeships and sixth forms – would come under the one body.

The Commission will monitor, register and regulate providers, and set out the standards expected within the sector – including Welsh medium provision.

Taking a system-wide view, the Commission will support learners throughout their lives with the knowledge and skills to succeed. It will help secure independent and diverse institutions that will make significant contributions to national wellbeing and prosperity.

We have launched a consultation on a new cross-government mission-based **innovation strategy for Wales**. The consultation ended on 30 September with over 150 written submissions.

# Creating a United and Fairer Wales for All

As we recover from the pandemic, we are determined that everyone will share in the opportunities of the future, wherever they live, so no one is held back or left behind. We want a Wales where everyone is respected and their diversity celebrated. We must redouble our efforts, as this unprecedented cost-of-living crisis risks entrenching existing inequalities and plunging more people into poverty. Wales will continue to provide a warm welcome for all – the war in Ukraine has shown just how warm that welcome is as thousands of people have sought sanctuary and safety here.

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**Culture Strategy** – We have agreed the scope and direction of our new Strategy, which will focus on culture and the arts, reflecting Wales’ diversity, its thriving Welsh Language and our duties under the Wellbeing of Future Generations Act. It will build on the shared commitments already set out in the updated Programme for Government and seek to maximise the role of culture in supporting delivery of those commitments across government.

The Strategy will be developed via extensive consultation with stakeholders across Wales. We have launched an invitation to tender on Sell2Wales for a lead partner to work with us to take forward our stakeholder engagement and to deliver the Strategy.

The **National Contemporary Art Gallery** is being developed by a steering group including the Arts Council of Wales (ACW), Amgueddfa Cymru – National Museum Wales and the National Library of Wales.

**Welsh Language Standards** – In June, the Senedd passed new Welsh language Standards to introduce standards for nine UK bodies in the health sector – eight professional regulatory bodies and the Professional Standards Authority. The Welsh Language Commissioner is now able to impose standards on the bodies which will give members of the public rights to use Welsh when receiving services from them.

**Coleg Cymraeg Cenedlaethol and National Centre for Learning Welsh** – From September, 18 to 25-year olds have had access to free Welsh courses with the National Centre for Learning Welsh. A new e-learning resource, provided by Say Something in Welsh, will be piloted for 16- to 18-year-olds in schools, colleges or as part of an apprenticeship scheme, to improve their oral Welsh skills.

**Seren network** – In the summer, year 11 pupils took part in a residential summer school at Aberystwyth University, as part of a pilot programme to expand the current summer school partnerships and set up new pilots in Welsh institutions.

**Anti-racist Wales Action Plan** – We launched the Anti-racist Wales Action Plan in June. Drawing on Black, Asian and Minority Ethnic communities’ experiences of racism, and race inequality, it sets out a series of actions to make a real difference to the lives of people in Wales. The plan adopts an anti-racist approach which means looking at the ways in which racism is built into our policies, formal and informal rules and regulations, and the way government works. It focuses on the ways in which racism affects the lives of ethnic minority people, such as their experience of racism in everyday life, service delivery, as part of the workforce and the lack of visible role models in positions of power.

The plan includes a chapter on crime and justice which outlines the actions we are taking to improve outcomes in this space, as well as the joint action we are taking forward with Criminal Justice Board for Wales partners, including Policing in Wales, HM Prison and Probation Service and HM Courts and Tribunals Service. We will continue to work with and constructively challenge our partners to ensure we do everything we can to eliminate racism and disproportionate outcomes from the justice system in Wales.

**Welsh history** – Our Agreement emphasises the importance of Welsh history, in all of its diversity and complexity, being mandatory in the new Curriculum for Wales. To further strengthen this shared commitment, and to ensure greater clarity for schools and settings, we propose the statements of What Matters Code should be updated to provide explicit reference to the ‘history of Wales and the world’. We have launched a consultation on the proposed change. If agreed, this update will also be reflected in relevant sections of the Humanities Area guidance. To support this requirement, in line with the Agreement, we will also commission the development of an overarching timeline of Welsh history and further updates will be provided in due course.

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**As reflected in the foreword, the Co-operation Agreement is an ambitious, three-year programme of commitments. Extensive work continues on developing the policy for all the commitments so that they can be implemented by the end of 2024. Further announcements will follow over the course of 2023.**