



Llywodraeth Cymru
Welsh Government

POLICY AND STRATEGY

Foundational economy: delivery plan

Policy interventions to strengthen the foundational economy.

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1. Challenge Fund to experiment with novel approaches to tackle deep rooted issues within foundational economy

Deliverables up to the end of this Senedd term:

- £4.5 million Challenge Fund established and bidding process announced
- 52 projects supported across diverse range of sectors and categories, including specific focus on procurement, social care, food and regeneration
- Engagement with lead WG policy officials to support Challenge Fund projects and evaluate their impact.
- Appointment of Cynnal Cymru in July 2020 to establish a Challenge Fund community of practice and to continue after Challenge Fund project closure to support spreading and scaling
- Evaluation of the projects undertaken to determine whether they are on course to complete their project in line with grant offer conditions by the end of March 21
- Using the residual Challenge Fund resources, a number of reserve list of projects with the capability of completing the project by end March 2021 have been funded. These include:
 - extension of Cyfle project and new projects initiated for Controlled Environment Agriculture
 - Forest Nation Centre
 - Food Strategy Action Plan research and
 - 'can do' toolkit project
- Priority projects identified by policy leads for 'spreading and scaling'
- Publication of FECF case studies
- Ensure continuity of community of practice
- Support FECF projects to complete and drawdown funding

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- Individual project and FECF evaluation reports drawn up and agreement to inform spreading and scaling programme

Foundational economy programme proposals for incoming minister:

- Advice developed recommending approach to committing £3 million foundational economy budget
- Incoming minister to agree funding allocations for the 'spreading and scaling' priorities

Implementation proposals to be explored in first six months of new administration:

- Announce funding process
- Work with stakeholders to embed good practice into business as usual. E.g. 'can do' project principles into planned investment programmes with specific links to the optimised retrofit programme.

2. Progressive procurement: the use of public sector procurement / spending power to support the foundational economy, social value / community benefits and decarbonisation

Deliverables up to the end of this Senedd term:

- engage Centre for Local Economic Strategies (CLES) to support a Welsh Government blended approach to enable PSB member organisations to develop progressive procurement plans to localise expenditure.
- work with stakeholders to assess PSB implementation plans.
- explore historical and planned procurement expenditure to identify contract opportunities to capture interest of local business to tender for this work with support from Business Wales and Industry Wales to overcome any barriers.
- consider opportunities for the FE from departmental investment plans.
- consider how the new Procurement Policy Note for reserving contracts for

SMEs and regional advertising can support the Foundational Economy.

- work to identify 5 medium/long term localising spend categories.
- ensure 5 spend categories incorporate fair employment criteria.
- develop plan to work with anchor bodies/partners using shared intelligence to identify supply voids and explore different approaches to economic development within regions that will contribute to the growth of successful, grounded firms with an emphasis on community social value.
- explore proposals for translating this into measurable action with identified business support streams.
- engage key public sector anchor organisations to develop 'shared intelligence' with supply chain in Wales, supported by category buying leads and users to explore opportunities to:
 - review opportunities to localise spend, especially where spend leakages overlap with local economic vulnerability
 - identify potential opportunities in the contracts to be let from March 2021
 - establish need for targeted support programmes to improve tendering and build scale / consortia

Foundational economy programme proposals for incoming minister:

- agree plan for remainder of CLES programme to support a second phase focused on local production in line with the **Manufacturing Action Plan**
- work with key stakeholders to develop a plan and relevant training for delivery of medium/long term localisation of 5 spend categories
- explore options for how the future Business Wales and Accelerated growth Programme support packages can help strengthen FE/business support that will support the growth of microfirms into successful SMEs
- address barriers to small and medium enterprises competing for public contracts (e.g. all Wales).
- review business support, including Business Wales, to Welsh companies that could fulfil public contracts and supply voids and allow public sector anchor organisations to be more interventional in shaping sectors e.g. manufacturing

Implementation proposals to be explored in first six months of new administration:

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- develop options for embedding the CLES legacy work into WG and public sector led 'business as usual'.

3. Opportunities arising from procurement reform

Deliverables up to the end of this Senedd term:

- planned direction for procurement reform in Wales

Foundational economy programme proposals for incoming minister:

- consider opportunities for the FE as a result of procurement reform.

4. Mainstream the 'better jobs closer to home' programme into business as usual across Welsh Government

Deliverables up to the end of this Senedd term:

- taking the lessons learned from the 'better jobs closer to home' programme and working with key stakeholders to identify potential for mainstreaming into business as usual, this will include the Monmouthshire food programme which is to understand the growing landscape to influence the development of a phased, scalable approach in support of the food sector

Foundational economy programme proposals for incoming minister:

- engage stakeholders to develop plan to embed the 'better jobs closer to home' programme into business as usual to ensure our resources /policy interventions help create meaningful employment, in communities with high levels of joblessness.

Implementation proposals to be explored in first six months of new

administration:

- work with stakeholders to determine capability, capacity, training requirements and any support required to deploy 'better jobs closer to home' lessons learned.

5. Construction: Development of priority actions and initiate work to develop Construction Action Plan aligned to the Wales Procurement Policy Statement

Deliverables up to the end of this Senedd term:

- buildings sector group established and is engaging stakeholders to discuss and identify construction industry priorities, including development of long contracting pipeline, establishing a contacts network of social value experts and creating a new "built environment" qualification

Foundational economy programme proposals for incoming minister:

- development of options and advice for incoming Minister to consider issuing an action plan on construction.
- engage relevant stakeholders to consider how the construction action plan may apply across areas of construction and infrastructure investment.

Implementation proposals to be explored in first six months of new administration:

- embed Social Value into the design stage and procurement process of Welsh Government funded construction projects, the steps toward this are
 - a: create cross sectoral policy
 - b: ensure design / assessment includes social value
 - c: develop training for scheme designers / procurement teams and engage with the industry to explain / train in the new process

- d: roll out internal and external process
- e: link back to WIIP and WLG
- f: monitor and evaluate.

6. Bolstering the food sector as a priority economic sector in Wales

Deliverables up to the end of this Senedd term:

- work in consultation with key stakeholders to identify the amount of food sourced by the public sector from outside Wales
- identify current public procurement food lines which could be sourced as produce of Welsh origin for supply to the public sector
- assessment of any barriers preventing engagement of local producers, capturing lessons learned and feed into the work to remove the barriers (action 10)
- establish an implement plan for switching lines to Welsh produce for implementation in the next Senedd and examine scope for demand aggregation
- engage relevant officials to consider the feasibility of a 'Cook/Chill' Project developed by public sector stakeholders
- support an action research project on the Welsh food system to agree targets for further focused work and clarify the support required to increase the proportion of Welsh origin produce in supermarket supply chains
- consider options for spreading and scaling Carmarthenshire food Challenge Fund project
- work with public sector evidence based food resilience programmes to spread and scale good practice

Foundational economy programme proposals for incoming minister:

- agree medium to long term plan with Tier one suppliers to further expand Welsh lines
- if the project is accepted as a viable proposition, examine options for providing support for the Cook/Chill project and explore scope for spreading

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and scaling

- provide an analysis of available levers and outline of proposed interventions. Engage WG policy officials to support the spreading and scaling

Implementation proposals to be explored in first six months of new administration:

- develop approaches which provide visibility and longer term certainty of demand to stimulate interest from local producers and explore business support requirements which may be required to drive up local engagement in food supply chains
- engage relevant stakeholders to consider implementation of proposed interventions and the development of key staff.

7. Social care

Deliverables up to the end of this Senedd term:

- engage stakeholders to raise awareness of Foundational Economy
- review Challenge Fund learning and opportunities from the twelve projects for social care and consider how these may shape reform and services of the future
- develop understanding of Social Care priorities and scope for aligning to Foundational Economy

Foundational economy programme proposals for incoming minister:

- help shape programme plans for allocation of £3 million Foundational Economy budget

Implementation proposals to be explored in first six months of new administration:

- implementation plan to consider residential care ownership options.

8. Afforestation: to consider how land might be better used across Wales in years to come to support some of the governments stretching climate aspirations and support social and economic ambitions

Deliverables up to the end of this Senedd term:

- working with stakeholders to understand where the barriers might be and whether there would be scope to develop a cross-Government afforestation action plan.
- undertake a feasibility project to scope the use of public sector land to develop a domestic industry that can supply timber for more sustainable house construction and how this will support effective use of land to address climate emergency.

Foundational economy programme proposals for incoming minister:

- seek agreement to commence production of afforestation action plan, incorporating lessons learned from Challenge Fund projects on forest Nation Centre and community stewardship of woodland.

9. PPE: Developing a resilient and sustainable supply chain. Help create a stable supply base and initiate a process of re-shoring critical goods that are competitive, resilient and sustainable

Deliverables up to the end of this Senedd term:

- cross-government work to secure sufficient quantities of PPE to meet the health and social care shortfall/needs, due to the instability caused by demand and disruption on supply chains

- working with local manufacturing businesses to produce sufficient quantities of PPE to fulfil the requirements of NHS/Social Care and other front line staff across Wales
- work to help create a stable supply base and initiate a process of reshoring critical goods that are competitive, resilient and sustainable

Foundational economy programme proposals for incoming minister:

- seek agreement to progress work with key public and private sector stakeholders

Implementation proposals to be explored in first six months of new administration:

- develop options and training for embedding the lessons learned in the work to localise procurement in other categories of expenditure.

10. Work to address barriers to public sector supply contracts

Deliverables up to the end of this Senedd term:

- drawing on the food and PPE lessons learned to look at how we address the accreditation; price/market competitiveness; environmental and procurement process barriers, cited by Welsh SME suppliers as the reason for not engaging with public sector procurement/demand
- working with stakeholders to determine whether there is scope for the Social Partnerships Bill and Procurement Duty to help mitigate some of these barriers
- capture lessons learned from Challenge Fund projects and experience from CLES progressive procurement work to develop a collaborative procurement pipeline to support FE and other social policy drivers.

Foundational economy programme proposals for incoming minister:

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- submit proposals for embedding the lessons learned across sectors and categories of spend

Implementation proposals to be explored in first six months of new administration:

- medium to long plan of cross-government policy intervention, training and support to enable business to overcome barriers to engaging in public procurement.

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