

## **Progress on the Economic Action Plan**

### **Statement by the Cabinet Secretary for Economy and Transport: The Economic Action Plan (22 May 2018)**

Diolch, Llywydd. When I launched the economic action plan, I made it clear that I was introducing a new approach to deliver public investment with a social purpose in support of our national strategy 'Prosperity for All' and its five priority areas of early years, mental health, employability and skills, housing, and social care. Through the plan, we are building on the excellent progress we have made. With over 37,000 jobs supported across the whole of Wales in the last year and over 190,000 in the last five years of the Government, our record is strong. However, our economy is changing and we must change with it to be inclusive and competitive in the future. Today, I am pleased to announce a major step forward in delivering the plan and its compelling vision to strengthen our economic foundations, futureproof businesses and empower productive regions and people.

Since launching the economic action plan five months ago, I have been encouraged by the positive way in which it has been received. We have travelled the length and breadth of Wales to talk to businesses, representative organisations and others about the plan and to seek their input on how we implement and deliver its commitments. These conversations have been stimulating, challenging and, above all, hugely interesting and informative. What we have heard has been invaluable in shaping the way forward, and I'm very grateful to all those who took time to talk with us. The nature of those conversations has been as diverse as the participants, but a number of common messages have come to the fore time and time again. Firstly, economic development is underpinned by strong relationships not just between business and Government, but also with a range of other partners, too—our learning institutions, trade unions, local authorities, third sector, and, of course, people. Secondly is the importance of proportionality and flexibility in addressing varying needs of businesses of different sizes, types, and locations across Wales. Thirdly, making a difference is about more than simply changes in policy; it's about cultures, behaviours and ways of working.

We have used this learning to develop the new operating model that I am launching today. Through the economic contract, we will develop a new and strengthened relationship with business to drive inclusive growth and responsible business behaviours. Businesses seeking our support will enter into an ongoing dialogue with us—one that shifts from co-existence and moves to collaboration. We expect businesses to commit to growth, fair work, reducing carbon footprints, health, skills, and learning in the workplace. These are the behaviours already exhibited in many successful and responsible businesses. We'll recognise those businesses already taking steps to adopt responsible business and employment practices, and we'll

encourage and support others to take a similar path. This is about engagement, incentive and spreading good practice—a reciprocal something-for-something approach.

If the economic contract focuses on what businesses are doing today, then it is our calls to action that will prepare businesses for tomorrow. We want to work with business to co-invest in the types of investment that will futureproof them and strengthen our economy today and for future generations. From today, five calls to action will be the new lens through which we will channel our direct business finance.

The calls to action challenge Government and businesses to look at future investment through the contribution it will make to innovation and entrepreneurship, research and development and automation, exports and trade, high-quality employment and skills, and decarbonisation. These are some of the key strategic challenges we have to address if we are to secure growth not just today, but growth that is futureproofed to maximise opportunities that lie ahead. Taken together, the economic contract and calls to action form the basis of our new operating model targeted at ensuring public investment with a social purpose—driving wealth and well-being, inclusive growth today, futureproofing business and the economy for tomorrow.

From today, we will switch seamlessly to this new approach. All new business investment proposals that come forward for direct financial support under my direct control will be subject to this new prism, with the former way of working only applying to legacy projects to guarantee business continuity and a smooth transition. As we implement this new approach, I am determined that we capture learning and use this to refine and drive continuous improvement. This is part of our new way of working, and so I will be carrying on the conversation with business to get their feedback on how the new operating model is working in practice so that we can continue to evolve and shape our approach accordingly. My vision, and that of Cabinet, is that, over time, we will broaden the scope of this new approach and embrace direct financial support to business across all of Government. However, this is a significant change and I want to ensure that we implement it well and use our learning for further implementation.

I recognise the calls from businesses and others to simplify and streamline our approach wherever possible. One of the areas where we hear this plea loudest is in relation to our financial support. There is no doubt that businesses value the financial support that we provide and it plays a big role in helping some businesses to fulfil their aspirations to sustain and grow. However, sometimes, the sheer range of schemes, programmes and funds that we offer can be confusing and complex. I am responding to these concerns and, as part of the new operating model, I have taken the step of consolidating a number of current schemes within a new economy futures fund. I want the direct financial support that we offer to business to be clear, easily

understood and responsive. The economy futures fund will make an important contribution in that regard.

In line with this simplification agenda, I am pleased to announce the establishment of a new overarching ministerial advisory board alongside a parallel process to streamline existing advisory bodies where possible and practicable. The new ministerial advisory board will complement existing social partnership arrangements and provide a strong external mechanism for challenge and advice to support effective implementation of the economic action plan. I am establishing the ministerial advisory board on a transition basis to allow time for a public appointments process to be undertaken. It will be chaired by Sir Adrian Webb, and a full list of its members will be published on the Welsh Government's website.

Implementation of the economic action plan does not end with my statement today. We have important work to do in implementing other key aspects of the plan—our new approach to regional economic development and wider cross-Government activity. These will be the areas that we will focus on in the second phase of implementing the plan, and, to help take this forward, I am establishing and will chair a cross-Government delivery board of senior civil servants.

As we deliver this plan, we will learn from international best practice, and this includes taking the bold step of opening ourselves up to constructive challenge from the Organisation for Economic Co-operation and Development and from other international experts in the economic development field. I'll be in a position to provide further detail on this work in the next phase of implementation.

I look forward to keeping Members updated on these developments in the weeks and months ahead.

## **New Economic Contract for Businesses seeking Welsh Government support (20 May 2018)**

From today, businesses seeking Welsh Government support will need to enter into a new Economic Contract aimed at driving fair work, inclusive growth and responsible business behaviours.

The Economic Contract is one of the key policies of the Welsh Government's Economic Action Plan, which was launched by Economy Secretary, Ken Skates in December.

The Plan sets out the Welsh Government's new approach to economic development, which is focussed on building strong foundations for inclusive growth, supercharging the industries of the future and empowering Wales' regions.

Under the new Economic Contract, businesses seeking Welsh Government support will need to commit to the principles of growth, fair work, reducing carbon footprints, health, skills and learning in the workplace.

Economy Secretary Ken Skates said:

“Our new Economic Contract is the start of a new and dynamic relationship between Welsh Government and business that is based on the principle of public investment with a social purpose.

“It means businesses seeking our support will actively collaborate with us and commit to the principles that we believe in - the principles of growth, fair work, health, skills and learning and decarbonisation.

“This contract is about engagement, incentive and spreading good practice, a genuine reciprocal ‘something for something’ approach that encourages business and Government to explore and test how a company contributes to the wealth and wellbeing of its workers and wider community.

“Many successful companies are already taking steps to adopt responsible business and employment practices and we want to encourage and support others to take a similar path.”

The launch of the Economic Contract follows four months of positive engagement with the business community that has helped to shape the Economic Action Plan's operating model now coming into force.

The Welsh Government's five Calls to Action, designed to future proof business, have also now come into effect.

This means from now on, companies looking to qualify for business finance will be required to develop proposals that align to at least one of the Calls to Action. These

focus on innovation and entrepreneurship, R&D and automation, exports and trade, high quality employment and skills and decarbonisation.

The Welsh Government is also :

- Launching its Economy Futures Fund which, in response to calls from business, streamlines and simplifies six Economy, Transport and Tourism funds, with more to follow later.
- Unveiling membership of its new Ministerial Advisory Board, Chaired by Sir Adrian Webb, which will inform policy making and provide strong and challenging external advice. The Ministerial Advisory Board will replace a number of Welsh Government sector panels, groups and boards that are now being phased out, simplifying the way the Welsh Government receives external advice.
- Establishing a cross-Government Delivery Board, chaired by Economy Secretary, Ken Skates to ensure the principles of the Economic Action Plan are embedded right across Government.

The Economy Secretary added:

“I have been really pleased by the way our Economic Action Plan has been received by business, and impressed by the contribution they have made to shaping it.

“ I am excited that we are now moving to the implementation phase with changes to the way we engage with and support business and to how we receive external advice. All of this is geared to securing inclusive growth, future proofing businesses and empowering our people and places to become more productive.

“Today is just the start, and I look forward to implementing the next phase of the plan, which will focus on our new approach to regional economic development and wider cross-government activity, later in the year.”

The membership of the Ministerial Advisory Board is:

- Adrian Webb - Chair
- Katherine Bennett – Airbus
- Chris Sutton - Lead Director/ Head Office JLL
- Monica Bradley - Purposeful Capital
- Rachel Clacher – Moneypenny
- Debbie Green - Chief Executive, Coastal Housing Association
- Mario Kreft - Director, Pendine Park Care Home
- James Davies - Chair, Industry Wales
- Chris Nott - Senior Partner, Capital Law
- Justin Albert - Director, National Trust.