



A whole-government industrial/economic development strategy for Wales

An active industrial strategy is needed to drive, prioritise and co-ordinate economic recovery. The whole government strategy needs to be specific, written and measurable, and owned by the First Minister with the Permanent Secretary responsible for delivery

The opportunity: Why now?

Much has changed since the Economic Renewal Programme was published in 2010. While a lot has been achieved by the Welsh Government- recent examples include the 6,000 jobs created via Jobs Growth Wales and continued inward investment- there remains more to do as we seek to create a more resilient and prosperous Welsh economy.

Global economic conditions remain challenging and Wales now needs a refreshed and co-ordinated whole government strategy to secure growth and jobs. We are also set to gain from a new set of levers which provide a renewed opportunity to drive forward the economy, namely the next round of EU funding and potential borrowing powers for Wales; we must maximise the potential of these to drive forward the economy.

The Welsh Government has used innovative approaches to support the economy through initiatives such as the Economic Growth Fund, Jobs Growth Wales, the Wales Infrastructure Investment Plan and the purchase of Cardiff Airport. However, along with structures such as Sector Panels and Enterprise Zones, these initiatives could be strengthened if underpinned and informed by a defined strategy.

Such a strategy will help support a more targeted approach to delivery with challenging but achievable measures of success.

A renewed focus

Employers and employees need confidence that all parts of government are working in union to deliver a co-ordinated and strategic plan for growth, an approach that is less risk-averse and more dynamic, one that gives businesses the confidence to invest and makes Wales the best place to do business and work.

This new approach must establish:

Policy

- **A specific, co-ordinated whole-government vision** for the kind of economy we are trying to create
- **A clear understanding of the strengths, weaknesses, opportunities and threats** facing the Welsh economy in 2013
- **A cross-government commitment** to work with key social partners to deliver that vision
- **Measurable benchmarks** to track progress and a framework to ensure action is taken if we go off track

Process

- **A reformed and renewed Council for Economic Renewal (CER)** with a stronger emphasis on co-production to leverage the considerable benefits of a whole government approach.

Priorities

Connecting economic hubs to drive growth

- **Commission the M4 Relief Road:** Utilise forthcoming borrowing powers to commission the M4 relief road before the next Assembly election.
- **Prioritise economic infrastructure:** Identify Wales' economic infrastructure needs within the Wales Infrastructure Investment Plan (WIIP) and ensure WIIP is implemented by giving it statutory status.
- **Co-ordinate infrastructure investment** with overall strategy for example rail electrification with city regions and skills delivery.
- **Efficient planning system:** To minimise the delay in building economically important infrastructure, ensure the forthcoming Planning Bill includes a statutory planning process for national significant infrastructure projects.
- **Support for productive industry and high skilled employment:** Our aerospace and automotive sectors are world leaders who provide high skilled employment. More must be done to support and prioritise jobs that attract value-added employment and skill development opportunities. A Welsh Government strategy should seek to build on and expand the positive work done already to support the productive sectors that add most value to our economy.

Keep the Welsh pound in Wales

- Through conditions of grant, require local authority publication of procurement data which shows the percentage of services/products procured from companies with postcodes in and outside of Wales.
- Ensure that contracts across the Welsh public sector deliver concrete 'community benefits' (clearly defined as jobs and training)

- The Welsh Government should work with larger businesses to identify best practice and remove barriers to active community engagement and participation. Lessons from elsewhere and within Wales' anchor companies should inform an approach to enable new jobs and/or local supply chains.

Supporting the Welsh Supply Chain - Anchor Company Strategy

- Wales suffers from increasingly weak and fragmented supply chains. Work with Anchor Companies to identify supply chain opportunities in Wales to expand employment and support Welsh businesses. Use the more active approach to expand apprenticeships in Wales.

Energise growth

- Over 37,000 manufacturing jobs were lost in Wales between 1998 and 2008. High energy costs for Welsh manufacturers are putting pressure on an already struggling sector. The Welsh Government should work with social partners to determine how industrial energy users in Wales could reduce energy costs and how government can help incentivise efficiency and reduce costs.

Key opportunities for the Welsh economy can only be delivered through a whole government approach. The development of ambitious programmes such as City Regions and EU Structural Funds cannot be delivered through a complex series of ad hoc groups and structures. They must be supported by a whole government approach that is underpinned by a defined industrial/economic strategy owned by the First Minister and Permanent Secretary.

Such an approach will support decisions made across portfolios with a relentless process of prioritisation against agreed benchmarks of success and delivery