

WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

Title of proposal:	Refresh of Manufacturing Action Plan
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CONTENTS

How to Complete the Integrated Impact Assessment	4
Guidance and Support for Impact Assessment.....	4
Section 1. What action is the Welsh Government considering and why?	6
Section 2. What will be the effect on social well-being?.....	10
Section 3. What will be the effect on cultural well-being and the Welsh language?	14
Section 4. What will be the effect on economic well-being?.....	17
Section 5. What will be the effect on environmental well-being?	25
Section 6. Record of Full Impact Assessments Required	28
Section 7. Conclusion	30
Section 8. Declaration.....	32
Full Impact Assessments	35
A. Children’s Rights Impact Assessment.....	35
B. Equality Impact Assessment	36
C. Rural Proofing Impact Assessment	44
D. Data Protection Impact Assessment	45
E. Welsh Language Impact Assessment	45
F. Biodiversity Impact Assessment.....	51

HOW TO COMPLETE THE INTEGRATED IMPACT ASSESSMENT

This template should be used to summarise the main impacts of the proposal. In completing it, you should consider how the proposal:

- fits with the priorities and vision of *Prosperity for All*;
- can contribute to the social, cultural, economic and environmental well-being of Wales; and,
- might affect Wales and the people who live here, positively or negatively.

Full Impact Assessments

To conduct the Integrated Impact Assessment (IIA), you will need to use some, but not necessarily all, of the full impact assessments listed below and annexed at the back of this template. The Integrated Impact Assessment will guide you to the relevant full impact assessments you need to do.

Annex	Full Impact Assessment
A	Children's Rights Impact Assessment
B	Equality Impact Assessment
C	Rural Proofing Impact Assessment
D	Data Protection Impact Assessment
E	Not required Welsh Language Impact Assessment
F	Biodiversity Impact Assessment
See Intranet	Justice System Impact Identification

For other assessments which do not have an assessment template provided here (for example Health Impact Assessment and Strategic Environmental Impact Assessment), please see the accompanying guidance to this Integrated Impact Assessment for further information.

GUIDANCE AND SUPPORT FOR IMPACT ASSESSMENT

Please refer to the accompanying guidance document. The guidance includes information about the support available for impact assessment. An early conversation with an internal expert advisor will set you on the right path.

Initial discussions were undertaken with Phil Jenkins and Meinir Collyer in February / March 2020. Further discussions with Meinir took place in late 2020 to look at how we could best impact the plan following the formal consultation process.

SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

The Manufacturing Action Plan refresh follows the implementation of the original plan in 2021. It was envisaged that the plan would be regularly updated in light of events and since then we have seen the fallout from the pandemic, realised the impact of leaving the EU, the war in Ukraine and several climate change incidents – all impacting the manufacturing sector, its energy costs and its supply chain.

As with the original plan the plan is being looked at through the lens of the Well-being of Future Generations (Wales) Act, ensuring the actions we take will:

- Future-proof manufacturing in Wales, growing an innovative low carbon, resource efficient community;
- Prevent decline in manufacturing and focus on resilience through diversification of supply chain activity;
- Ensure integration with other actions being taken by other public sector bodies such as the Corporate Joint Committees; City / Growth deals, Natural Resources Wales and Skills bodies;
- Facilitate collaboration within and between Government, Industry, Academia and Trades Unions, where appropriate; and utilising the social partnership model developed in Wales.
- Involve the people of Wales, reflecting the society in which manufacturing operates and ensuring equality of opportunity.

The actions we take will be felt across the whole of Wales, building on bespoke regional strengths and helping to spread prosperity. Essential to this plan is the need to promote equality of opportunity in our manufacturing community and ensure that our language and culture thrives in all regions of Wales. To that end we will ensure that monitoring of progress against this plan will include important aspects of Welsh Government policy on equality and diversity (including the social model of mobility) and our Cymraeg 2050 strategy.

The original consultation process involved informal discussions initially, workshops and a formal consultation process, which produced high quality input into this plan. The themes which follow in this plan are based on the consultation along with work we have since undertaken through a survey of the sector, which has confirmed and fleshed out the original themes identified.

Impact

Manufacturing is the largest contributor in terms of Gross Value Added (GVA) to the Welsh economy, it provides good quality employment to thousands of individuals and scores of communities the length and breadth of Wales.

Manufacturing is more important to Wales than to any other part of the UK and that is without taking into account the longer term operation, maintenance and service related activities, which take place as a consequence. Manufacturing can be defined as a sector itself but is, in fact, a composition of sub-sectors including food & drink, information & communications technology, chemicals, electronics, life sciences, construction, metals, security, energy, mobility including automotive, rail and aerospace & defence. This is a very broad description of many of the activities that contribute to the well-being of the economy of Wales and linked to this are the consequent operation of maintenance and service activities, which contribute to our foundational economy.

However, manufacturing is in the midst of profound change. From the pandemic to EU transition to the war in Ukraine to climate change; from the explosion of new technologies, affecting customer choices and preferences, to the ever-increasing pace of globalisation—manufacturing is going through one of the most intense periods of change in its history.

Costs and Savings

We have discussed with stakeholders the importance of the manufacturing community to Wales, its place in the Economic Action Plan, its importance in recovering from the pandemic, the impact of leaving the EU and its role delivering the objectives of the Well-being of Future Generations (Wales) Act. This plan aims to build communities with resilient manufacturing activities, which contribute to a healthier and more robust economy. The plan looks to support these ambitions by identifying opportunities around supply chain, re-shoring of certain activities, thus providing opportunities for the foundational economy to flourish

This period of change will be challenging for Welsh manufacturing, but it also represents an opportunity, too. By embracing trends such as the use of alternative, lower embedded carbon materials, increasing automation and digitalisation, we can build a new future for Welsh manufacturing. This will mean a change of culture, ensuring that as a nation, we innovate more, improve productivity, become more competitive, develop our skills and focus on how we tackle the impacts of climate change.

In short, we have to transition and support transformation of our manufacturing community - including its supply chains - to one, which is increasingly involved in 'added value' activities. We need a manufacturing community, which consists of companies who have a strong financial performance, who undertake strategically important activities and who make a positive social, economic, environmental and cultural impact on their local communities, their regions and the supply chain in Wales. This is how we define High Value Manufacturing in Wales – not by the sector, its complexity or its use of technology – but on how it impacts the well-being of the citizens of Wales.

To make this happen, we cannot rely on business as usual; instead, Government, Public Sector, Industry, Trades Unions, Academia and other stakeholders must explore new ways of collaborating to develop a community, which:

- Protects and promotes growth in existing added value manufacturing capabilities, especially through its SMEs, by sharing best practice and collaboration;
- Exploits and yet protects for future generations, Wales' assets and advantages in innovative ways to establish unique selling points and competitive advantage;
- Positions itself to maintain and improve its contribution to the economy, communities, environment, language and culture of Wales;
- Puts research, development and innovation at the heart of transformation so companies can commercialise ideas which align with government objectives for the well-being of Wales;
- Provides leadership to key manufacturing supply chains and helps to transition into new opportunities and areas;
- Builds resilience, resource efficiency, circularity and decarbonisation into the whole value chain from supply and use of the raw materials and components used in manufacturing in Wales to end users.

The Welsh Government, with its proud history of working closely with industry, academia and with trade unions, will support our manufacturing through this period of change, helping it prepare for the future.

Mechanism

This plan is framing our response to the pandemic and the further impact of the end of EU transition together with a plan to future proof our manufacturing activities to ensure its vital contribution to the well-being of Wales continues. Through this plan we are re-affirming our commitment to deliver a well-being economy which drives prosperity, is environmentally sound, is resilient and helps everyone realise their potential.

This plan is rooted in our existing economic action plan, Prosperity for All, with its progressive purposes of reducing inequality and spreading wealth and well-being across all of Wales.

Delivering a well-being economy has three goals.

A **prosperous economy**, which requires a steady focus on resilience, with a capacity for transformation. We need to strengthen the foundations of the economy with a diverse yet inter-related economic base of outward-looking firms with positive innovation performance, good productivity levels and a workforce equipped with the skills for a changing world.

A **green economy** which demands high levels of circularity, where resources are kept in use adding economic value and where waste is avoided. This economy is integral to a low carbon society, so we need to invest in low-carbon and climate resilient infrastructure, renewable energy projects, whole system thinking/design and sustainable homes.

An **equal economy** which means investing in the productive potential of all people in communities. We need to build ambition, encourage learning for life, improve our understanding of behaviours and attitudes and support people to make the most of their potential. Our regional approach will support a fair distribution of opportunities and we will continue to demand and champion fair work.

SECTION 2. WHAT WILL BE THE EFFECT ON SOCIAL WELL-BEING?

2.1 People and Communities

Our vision of the future of manufacturing in Wales is predicated on the sector moving towards more value added activities – “High Value Manufacturing” as we term it – is about manufacturing activities which have a positive social, economic and environmental impact on the well-being of the citizens of Wales. It is about creating well paid jobs, safe communities, carbon neutral industries and a thriving Welsh language and culture. Importantly, High Value Manufacturing is a theme in the North Wales Growth Deal, the Cardiff City Capital Region Deal, the Mid Wales Growth Deal and the Swansea Bay City Deal, ensuring that the sector remains a high priority for all regions of Wales.

To ensure that our manufacturing community, including its supply chain, is fit for the future, the Manufacturing Action Plan has identified the six strategic objectives along with an “owner” in Welsh Government, who will co-ordinate the partnership needed to achieve our goals. Actions have been identified to deliver on these objectives and are grouped under the six strategic objectives:

The strategic objectives are:

1. Address the climate emergency by decarbonising the manufacturing sector in Wales, underpinned by Circular Economy practices and processes.
2. Develop the conditions to anchor key manufacturing companies in Wales including provision of modern infrastructure and resilient supply chains.
3. Identify and develop the necessary leadership and workforce skills required to achieve ‘Wales 4.0’.
4. Strengthen collaboration between stakeholders to embrace technological change and deliver more commercial innovation ‘at pace’.
5. Embed ‘Fair Work’ employment principles in Wales, promoting inclusivity, security, and protecting our cultural heritage.
6. Mobilise business support to equip Welsh manufacturers to meet future demand for products of strategic importance.

Manufacturing is a very broad and diverse sector and so one size may not fit all so we are concentrating on the priority areas identified in consultation with the sector:

1. Housing, specifically around the net zero homes policy and retrofitting older properties
2. Security i.e., defence systems
3. Construction i.e., offsite manufacturing

4. Transport including trains and electric buses
5. Renewable Energy solar, wind, hydrogen etc.
6. Cross Public Sector - as a general catch all
7. Health/Life Sciences - including selected products used in the NHS

Measuring progress

What we measure is an indication of what we value so the outcomes of our actions and how we take a holistic approach to the economy, recognising its potential for harm as well as good, demands a holistic way to measure progress.

Gross Value Added (GVA), can no longer be the dominant measure of success and prosperity. We are focussed on seeing progress on the national indicators for Wales which reflect the vision for well-being as our central pillar. This means driving improvements to our environmental impacts, well-being at work and wider progress of society as a whole. It is not enough to measure overall wealth of a nation whilst glossing over inequality or consequential environmental degradation.

We envisage that the actions described are the basis of a 10-year plan for future proofing our manufacturing sector. However, this is not just a government plan - it is a plan that has been developed in conjunction with stakeholders including industry, trade unions and academia and to this end we must develop mechanisms to measure progress under the themes identified.

To ensure that progress properly monitored and measure, we will continue to report quarterly to the Minister and focus on delivery of our commitment to future proof the manufacturing sector in Wales. This plan has developed since inception and is part of an ongoing conversation between partners to safeguard the role of manufacturing in the well-being of Wales.

2.2 Children's Rights

Ministers are required to have due regard to the United Nations Convention on the Rights of the Child when exercising any of their functions. There are four articles in the convention that are seen as special. They are known as the "General Principles" and they help to interpret all the other articles and play a fundamental role in realising all the rights in the Convention for all children. They are:

1. Non-discrimination (article 2)
2. Best interest of the child (article 3)
3. Right to life survival and development (article 6)
4. Right to be heard (article 12)

The Manufacturing Action Plan is aimed at future proofing the sector. Central to plan are fair work commitments including payment of the Living Wage Foundation Living Wage, abolition of inappropriate use of zero hours contracts and compliance with the Ethical Employment in Supply Chains Code of Practice (which includes steps to address modern day slavery in supply chains). During the last two years we have worked with colleagues in this area and used evidence in their research to inform this work.

We have not directly consulted with children and young people because the consultation is primarily about adult employment in the manufacturing sector. Fair work commitments recognise the need to look at ethical employment in supply chains,

This consultation will only impact children's rights in a small way – indirectly in relation to fair work commitments and directly in terms of addressing the issue of modern slavery.

Working with Industry, trades unions and academia on fair work commitments will contribute to ending child poverty and providing stable home environments. The Ethical Employment in Supply Chains covers ensuring modern slavery including child labour does not exist in our supply whether they be in the UK or abroad.

2.3 Equality

The Equality Impact Assessment is at annex B.

2.4 Rural Proofing

The formal consultation and workshops identified issues around the loss of jobs in rural parts of Wales if we do not take steps to future proof our activities. In particular, we have strong manufacturing bases in Mid Wales, North Wales and West Wales and any loss of activity could result in people leaving the area.

This will have a knock on effect on access to services as the lack of demand may make them uneconomical to deliver. This may have a direct impact on older people, and children and young people. Similarly, the lack of demand may impact the provision of affordable housing.

The impact on the Welsh language will be direct in that manufacturing is particularly strong in Mid, North and West Wales - areas which are Welsh speaking areas and failure to protect manufacturing in these areas will result in younger people leaving the area potentially reducing the growth of the language.

The knock-on effects will also will be the impact on in-work poverty and fuel poverty as manufacturing jobs are generally relatively well-paid and this will impact on spending power will impact on rural businesses.

The Manufacturing Action Plan will Impact these areas but the impacts are not significant enough or so likely as to warrant a more detailed assessment.

2.5 Health

2.5a How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal impact health determinants?

The manufacturing action plan aims to transition our manufacturing activities into “high value” and part of this is a commitment to fair work along with protecting and expanding our current industry.

By helping people into good employment we will help people improve their general health, living conditions affecting health and wealth. Successful manufacturing operations in communities will also allow for better quality public services to be built around them.

Could there be a differential health impact on particular groups?

Significant amounts of manufacturing are undertaken in rural areas or in the areas of deprivation like the South Wales valleys. By improving the manufacturing operations in this area, it will make it easier to retain younger people locally and improve opportunities for older people. These areas are also generally in areas where income is below the national average and the fair work commitments will help improve the position. Work will also focus on reaching people in groups furthest away from the job market.

2.6 Privacy

Will the proposal involve processing information that could be used to identify individuals?

No

SECTION 3. WHAT WILL BE THE EFFECT ON CULTURAL WELL-BEING AND THE WELSH LANGUAGE?

3.1 Cultural Well-being

It is not possible to separate, assign and measure the impact of the several actions of the manufacturing action plan on cultural well-being due to the cross cutting nature of the themes which have been identified.

A number of the Well-being for Future Generations Act (Wales) goals will be clearly impacted on through the actions included within the plan, namely A Prosperous Wales, A Resilient Wales and a Globally Responsible Wales.

These actions appear not to impact directly on cultural wellbeing, however, any action which is able to enact a positive trajectory towards highly paid, highly skilled employment will have indirect influences on society. We know from supply chain studies that the multiplier effect grows as highly paid, highly skilled employment grows, and with this, disposable income, which impacts on induced employment. This will contribute towards participation in the arts, sports and recreation.

The focus on protecting and growing the capabilities within the manufacturing sector in Wales (protect / exploit / position) will positively affect delivering a more prosperous society and consequently contribute towards the supply chain multiplier effect referred to above.

The focus on decarbonisation and renewable energy will have a positive impact on delivering a low carbon society; sustaining clean growth will have positive secondary effects for cultural well-being. Promoting active transport will shape our lives in both travelling to work and equally recreation activity, whilst helping deliver Net Zero commitments.

Reducing emissions from historic buildings and scheduled monuments contributes to reducing carbon footprints and protects heritage assets and their surroundings – all contributing to positive effects on cultural assets and identity. There is strong evidence to suggest that access to green spaces has a beneficial impact on physical and mental wellbeing through both physical access and use.¹ The Planning and Natural Resources Policies within the plan have strong roles to coordinate effective development of green infrastructure, including linkages between urban and rural areas, and improving connectedness with sustainable transport networks.

The consequences of the actions within the Wales Manufacturing Action Plan are likely to have a low level of direct impact with the promotion and protection of culture and heritage. The indirect impacts which have been included in section 3.1a are all considered positive,

¹ <https://www.gov.uk/government/publications/health-profile-for-england/chapter-6-social-determinants-of-health#sustainable-communities-and-places>

and supported by protecting and creating new employment opportunities which, in turn, will impact positively on social deprivation and raise levels of disposable income.

3.2 Welsh Language

Clearance code: 07/01/2021 (issued on 25th January 2021) by Compliance with the Welsh Language standards / Cydymffurfio gyda Safonau'r Gymraeg.

See the Welsh Language Impact Assessment Annex E

The Welsh Government's Cymraeg 2050 Strategy

In order to reach our *Cymraeg 2050* targets, achieving the target of a million Welsh speakers and double the daily use of Welsh by 2050, we must both maintain current Welsh-speaking communities and networks (geographical or otherwise); and increase the number of people who learn and use the Welsh language in future. The Wales manufacturing action plan seeks to protect current employment in the sector and exploit new opportunities to grow employment in areas such as decarbonisation, renewable energy, digital manufacturing, as well as both reshoring and developing circular supply chains.

Without maintaining linguistically vibrant communities, particularly in the west and north-west, there will be fewer opportunities for people to use the language in everyday social situations.

There are many regions such as the Basque country and Flanders which have dual language, thriving economies. The Wales Manufacturing Action Plan, as part of its 'Strengthening Leadership' theme, seeks to benchmark against comparable regions to gain further understanding of the manufacturing sector interventions which have been successful and what consequences have followed.

One of the characteristics of manufacturing in Wales is the Advanced Materials & Manufacturing sector had 100% of its anchor companies as foreign owned, and all but two of its regionally important companies were also foreign owned. This should not be seen as a barrier to protecting and growing Welsh language, as companies seek to connect with the culture of their chosen operating transplants.

As an example, Toyota, with a major Transplant in Deeside, North Wales, included in the seminal book, 'The Toyota Way', a 3 point mission; the first point being:

'Contribute to the economic growth of the country in which it is located. 'This is further reinforced by Toyota's seven guiding principles, the first two being:

- 'Honour the language and the spirit of every law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.'

- ‘Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.’

It is vital to the Welsh language that highly paid, highly skilled jobs are protected and grown in Wales, to attract local talent from communities which might otherwise lead to a ‘brain drain’. This term refers, in particular, to young talent needing to seek employment opportunities outside Wales, where there is no local option to develop their talent and provide a competitive remuneration. The Manufacturing sector is a key employment ‘magnet’ in that it pays salaries far in excess of the average wage and includes many exciting career paths. This is evidenced by the fact that manufacturing remains central to the success of the economy overall, accounting for two thirds of overall R&D.

We must also address the potential medium to long-term impacts of both the COVID-19 pandemic and the consequences of the EU Trade deal (agreed on 24th December 2020) on the Welsh language within the context of wider societal and economic changes and challenges. There will be impacts across Wales, but there is a risk that these will be more acute in the west and north-west in those areas that have high percentages of Welsh-speakers. This presents a significant risk to the future of these communities and, in turn, the future of the Welsh language. This will fall disproportionately on manufacturing subsectors, where aerospace and automotive for example, are clustered around the North East and South East of Wales. Other sectors such as Energy (noting the accompanying infrastructure / construction requirements) and Food & Drink may be more sensitive to changes in employment patterns in West Wales, and are therefore considered more likely to impact on employment in Welsh speaking communities.

The importance on manufacturing sectors to maintain employment levels in areas such as West Wales may become more prominent if existing sectors which employ higher levels of Welsh speakers (agriculture and farming) are adversely affected due to the UK leaving the EU.

SECTION 4. WHAT WILL BE THE EFFECT ON ECONOMIC WELL-BEING?

Supporting growth in the Welsh economy, and through this tackling poverty, is at the heart of *Taking Wales Forward*, the Welsh Government's Programme for Government.

4.1 Business, the general public and individuals

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal impact business and the public?

The manufacturing action plan is strongly aligned with the Welsh Government's goals and objectives for industry in Wales. These goals and objectives seek to deliver benefits not only to manufacturing businesses but the supporting supply chains, employees and their families, the wider community in which the businesses sit, the environment in which we all live and ultimately the economy.

The Welsh Government's goals and objectives for manufacturing are described in its policy and strategy documents

Taking Wales Forward² establishes the desire to deliver more and better jobs through a stronger, fairer economy, improve and reform our public services, and build a united, connected and sustainable Wales. It groups priorities into four areas

- prosperous and secure
- healthy and active
- ambitious and learning
- united and connected

As part of developing a prosperous and secure Wales, it is stated

"We will foster the conditions needed to allow businesses to thrive and to create and retain high quality jobs in Wales. We will promote manufacturing as a key sector for growth in the Welsh economy. We will reduce burdens on business and stimulate innovation and growth, working with our universities and colleges. We will build infrastructure to keep Wales moving and connect people with jobs, housing and leisure."

² <https://gov.wales/sites/default/files/publications/2017-08/taking-wales-forward.pdf>

Prosperity for All: the national strategy states³ “Our aim is to drive a Welsh economy which spreads opportunity and tackles inequality, delivering individual and national prosperity. We will enable people to fulfil their ambitions and enhance their well-being through secure and sustainable employment. We will break down the barriers many face to getting a job, and create the right environment for businesses to grow and thrive.”

Our resulting Economic Action Plan⁴ indicates that “In pursuing prosperity for all, we intend building an economy on strong foundations, to supercharge our industries of the future and empower all our regions to become more productive.

And we wish to see growth with a purpose - inclusive growth - so that as our wealth and well-being improve, inequalities across our country narrow.”

The Manufacturing Action Plan will be key to these statements, driving inclusive growth, improving productivity and future proofing our economy against the challenges ahead. This plan has been developed now to create the environment that will foster, encourage grow and sustain high added value manufacturing businesses that will be required to enable Wales and the UK to play a leading role in the development of new technologies and products.

The plan will play an important role in improving the economic wellbeing of businesses, communities and citizens of Wales impacted by the manufacturing sector. Quantifying this impact however will be difficult.

In recent years, there have been increasing concerns about the adequacy of traditional macro-economic statistics, such as GDP, as measures of people’s current and future living conditions. Moreover, there are broader concerns about the relevance of these figures as measures of national or societal well-being. On the micro side, there are concerns about the comparability and comprehensiveness of the statistics being produced.

Simon Kuznets, one of the pioneers of the System of National Accounts, in his first report to the US Congress in 1934⁵, noted that “the welfare of a nation can, therefore, scarcely be inferred from a measure of national income...” (Kuznets, 1934). Similarly, the System of National Accounts explicitly recognises the limitations of GDP as a measure of well-being: “Movements of GDP cannot be expected to be good indicators of changes in total welfare

³ [Prosperity for All: the National Strategy](#).

⁴ [Prosperity for all : Economic Action-Plan](#).

⁵ Simon Kuznets, 1934. "National Income, 1929–1932". 73rd US Congress, 2d session, Senate document no. 124.

Although the concept of well-being is widely used, there is no commonly agreed definition of just what it is. Moreover, the terms well-being, quality of life, happiness and life satisfaction are often used interchangeably.

Despite the absence of a single definition of well-being, OECD (2011) argues that most experts and ordinary people around the world would agree that it requires meeting various human needs, some of which are essential (e.g. being in good health), and includes the ability to pursue one's goals, to thrive and feel satisfied with their life.

The OECD's Better Life Initiative, presented in OECD (2011)⁶, identifies three pillars for understanding and measuring people's well-being:

- Material living conditions (or economic well-being), which determine people's consumption possibilities and their command over resources.
- Quality of life, which is defined as the set of non-monetary attributes of individuals that shapes their opportunities and life chances, and has intrinsic value under different cultures and contexts.
- The sustainability of the socio-economic and natural systems where people live and work, which is important for well-being to last over time. Sustainability depends on how current human activities impact on the stocks of different types of capital (natural, economic, human and social) that underpin well-being.

In the Welsh Government's Well-being of Future Generations Act⁷, 'well-being' refers to the state of our population, society and our environment across Wales overall. It looks to ensure that people have the economic, social, environmental and cultural conditions around them to be well.

The Manufacturing Action Plan identifies a number of actions designed to future-proof Wales' manufacturing sector. The majority of these actions are grouped by topics or themes. The actions are all explicitly aligned to goals of the Well Being of Future Generations Act and key themes of the Economic Action plan. This alignment will ensure that, through successful implementation, the manufacturing action plan helps to create the conditions and opportunities to improve economic wellbeing.

The themes and alignment of actions under those themes are identified below.

⁶ OECD (2011), *How's Life?: Measuring Well-being*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264121164-en>

⁷ [Well-being of future Generations \(Wales\) Act \(2015\)](#).

A number of the general sector actions focus on increasing opportunities for the Welsh manufacturing sector. These opportunities stem from activities such as matching Welsh manufacturing capability to public and private procurement opportunities, filling supply chain voids, reshoring and near shoring requirements. In policy terms, increasing initially the awareness but ultimately the take up of such opportunities will help to support people and businesses to drive prosperity and contribute to a prosperous Wales.

Theme	Alignment to the Economic Action Plan	Alignment to the Wellbeing of Future Generations Act
Climate change and the need to decarbonise our commercial and social activities	Drive sustainable growth and combat climate change	A globally responsible Wales A healthier Wales
Technological change including artificial intelligence, automation, digitalisation and the connected environment	Support people and businesses to drive prosperity	A resilient Wales
The need to refine skill sets to ensure we have the people with the right skills we require in Wales to work in manufacturing	Equip everyone with the right skills for a changing world Build ambition and encourage learning for life	A more equal Wales A Wales of cohesive communities
The provision of modern infrastructure to support changes to the way we work and how we access work opportunities including communication systems and the merger of personal and public mobility	Deliver modern and connected infrastructure	A prosperous Wales A globally responsible Wales A healthier Wales

Fair work commitments to ensure that people working in manufacturing are treated fairly in accordance with the Government's Ethical Employment in Supply Chains Code of Practice	Support people and businesses to drive prosperity	A prosperous Wales A more equal Wales
Strengthening collaboration between Government, Industry, Trades Unions and Academia to increase innovation and improve productivity / competitiveness	Support people and businesses to drive prosperity	A prosperous Wales
Improving anchorage of businesses in Wales by encouraging and facilitating decision-making activities and research & development in Wales	Support people and businesses to drive prosperity	A prosperous Wales A resilient Wales
Developing communities and clusters within manufacturing sub-sectors to facilitate transfer of best practice and collaboration	Support people and businesses to drive prosperity	A prosperous Wales A resilient Wales
Strengthening leadership and management in manufacturing to enable continuous improvement	Support people and businesses to drive prosperity	A prosperous Wales

The actions contained in the plan seek to ensure the sector;

- Transitions to low carbon.
- Uses natural resources efficiently.
- Offers people decent, fair work.
- Invests in skills fit for the future.
- Supports inclusive local economies.

all of which are identified as challenges to a Prosperous Wales identified in the The Future Generations Report 2020.⁸

The Welsh Government's Economic Recovery and Reconstruction Mission outlines a vision for Wales of a well-being economy which drives prosperity, is environmentally sound, and helps everyone realise their potential. The three underpinning goals for this vision are a prosperous economy, a greener economy and a more equal economy.

By helping to create a more resilient, prosperous, greener and more equal manufacturing sector, the MAP will play a significant, positive role in helping to create a well-being economy.

4.2 Public Sector including local government and other public bodies

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal impact the public sector?

Many elements of the public sector have a large part to play in the delivery of the Manufacturing Action Plan, having been part of the formative consultation process. However, it is not possible to quantify the impact of the plan on the public sector as it contains a collection of actions, all of which could impact in different ways on different parts of the public sector..

Welsh central and local government involvement and collaboration, will be key if the plan is to instigate a manufacturing sector in Wales that is based on advanced, low carbon technologies and products. Public sector action in areas such as learning and education, skills development and infrastructure planning and delivery will need to be integrated with the requirements of the sector. This is more likely to require a change in focus rather than a significant additional resource requirement. The impact of the plan is therefore thought to be neutral/minimal in terms of resources.

One of the desired outcomes of the plan would be a Welsh public sector acting as a catalyst for economic recovery through the provision of competitive supply opportunities for the Welsh manufacturing sector. In this scenario, the public sector has the opportunity to achieve a supply chain likely to be more resilient to disruption, while having a positive multiplier effect on the Welsh economy, as localised spending supports businesses, individuals and communities in Wales. The implications of this desired outcome on the

⁸https://www.futuregenerations.wales/resources_posts/the-future-generations-report-2020/

public sector in Wales could be significant in terms of policy as evidenced in a Foresight Future of manufacturing evidence paper⁹ which stated:

“For public procurement to impact on UK manufacturing the culture needs to change from one purely focused on short term costs to one that takes a complete life-cycle or whole-life costing approach, including social and environmental considerations”.

If the public sector is to impact economic well-being through the Manufacturing Action Plan, this culture shift will be vital.

4.3 Third Sector

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal impact third sector organisations and what they do?

The impact of the plan on the 3rd sector is difficult to gauge as it consists of a collection of actions which may impact on different third sector organisations. The Third Sector Research Centre highlighted that

“The third sector includes organisations that directly affect market behaviour, structures and activity. These could include:

- indirect contributions to the extent and quality of labour force – job opportunities for the disadvantaged, skill and attitude development etc.;
- economic infrastructure such as workspace or childcare;
- quality of life for inward investment or for employees (for example, there is some evidence of a link between cultural outlets and the desirability of locations for business);
- developing social capital – seen as important for competitiveness and innovation, job search, trust, motivations etc.;
- elements of a working economy – for example, trades unions, professional bodies, organisations for standards setting, sectoral agreements or codes;
- enabling entrepreneurship;
- potential impact on mainstream corporate social responsibility (CSR) and behaviour – helping create ethical markets/organisations – through, for example, plural economic models;

⁹ [Foresight Future of Manufacturing: Evidence 24. Govt. Office for Science](#)

- changing people, not just goods and services – altering cultural norms of behaviour and consumer preferences;
- finance provision and innovation.”¹⁰

Given the extent of these activities it may be thought likely that the Manufacturing Action Plan will offer the Third Sector the opportunity to have a positive contribution to the intended outcomes and in so doing, have a positive impact on those contributory organisations.

In addition, the extent of manufacturing activity in third sector organisations in Wales is unknown. However, the manufacturing action plan could positively impact third sector organisations by stimulating opportunities for third sector manufacturing organisations in the foundational economy in particular.

4.4 Justice Impact

There is no intention within the Plan to bring forward new primary legislation. Any actions or initiatives across the lifespan of the plan that have any other impact on the justice system will be separately assessed.

¹⁰ [Economic analysis and the third sector. Third Sector Research Centre Working Paper 14](#)

SECTION 5. WHAT WILL BE THE EFFECT ON ENVIRONMENTAL WELL-BEING?

Under Section 9 of the Environment (Wales) Act 2016, the Welsh Ministers are required to prepare, publish and implement a natural resources policy and to take all reasonable steps to implement it and to encourage others to take such steps. The [Natural Resources Policy](#) was published in August 2017.

You will need to consider and, where required, complete the following assessments to ensure all reasonable steps have been taken:

Required for all proposals:	<ul style="list-style-type: none"> Natural Resources Policy national priorities, challenges and opportunities 	5.1a 5.1b
Required for all proposals	<ul style="list-style-type: none"> Biodiversity 	5.2 and Annex F
Required for all proposals	<ul style="list-style-type: none"> Climate Change 	5.3
Certain plans and programmes requiring SEA under the Environmental Assessment of Plans and Programmes (Wales) Regulations 2004	<ul style="list-style-type: none"> Strategic Environmental Assessment 	5.4 and IIA Guidance
Proposals which may affect a Special Area for Conservation or a Special Protected Area (SAC/SPA):	<ul style="list-style-type: none"> Habitats Regulations Assessment 	5.5 and IIA Guidance

<p>Certain projects relating to town and country planning; transport; agriculture; forestry; marine, land drainage; and electricity which require EIA under the various EIA Regulations</p>	<ul style="list-style-type: none"> • Environmental Impact Assessment 	<p>5.6 and IIA Guidance</p>
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5.1 Natural Resources

5.1a How will the proposal deliver one or more of the National Priorities in the Natural Resources Policy (NRP)?

The manufacturing action plan has environmental sustainability at its heart with a major emphasis on Increasing renewable energy and resource efficiency; all the actions are based on improving local communities and using a regional approach.

5.1b Does the proposal help tackle the following national challenges and opportunities for the sustainable management of natural resources?

The emphasis on environmental sustainability will support actions to reverse the decline in biodiversity, reduce the risk of flooding (infrastructure and support climate change mitigation (emphasis on renewables),

Although the manufacturing action plan will not directly involve specific projects the principles involved will support projects to reducing noise pollution and pollution levels in our air, and enhance air quality; Improve the quality and ensure the quantity of our water;

The action plan references support to companies to take action on resource efficiency and renewable energy. The action plan will future proof the sector, thus supporting community cohesion; and supporting secure and stable employment.

5.2 Biodiversity

To demonstrate compliance with Section 6 of the Environment (Wales) Act 2016, you must complete the Biodiversity Impact Assessment, at annex F below.

5.3 Climate Change

Climate change has been identified as one of the biggest threats facing our future generations. We need to reduce our emissions through decarbonisation action (5.3a) and to adapt to the impacts of climate change by increasing our resilience (5.3b).

5.3a Decarbonisation

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal affect emissions in Wales?

Decarbonisation and climate change is one of the major themes running throughout the plan and government support listed in predicated on companies taking action on a number of fronts including renewable energy and resource efficiency.

It further supports companies to take advantage of opportunities to supply goods, which make a positive impact on the environment and companies who wish to make use of alternative ways of working and travelling. There is specific work envisaged in infrastructure and a strong emphasis on reducing waste.

5.3 b Adaptation

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal affect ability to adapt to the effects of climate change?

See 5.2b above.

5.4 Strategic Environmental Assessment (SEA)

The action plan gathers together actions being taken under different programmes across government. Each of these programmes will undertake the assessment where appropriate. The plan allows government to look at the impacts of these programmes collectively.

5.5 Habitats Regulations Assessment (HRA)

The action plan gathers together actions being taken under different programmes across government. Each of these programmes will undertake the assessment where appropriate. The plan allows government to look at the impacts of these programmes collectively.

5.6 Environmental Impact Assessment (EIA)

The action plan gathers together actions being taken under different programmes across government. Each of these programmes will undertake the assessment where appropriate. The plan allows government to look at the impacts of these programmes collectively.

SECTION 6. RECORD OF FULL IMPACT ASSESSMENTS REQUIRED

You have now decided which areas need a more detailed impact assessment. Please list them below.

Impact Assessment	Yes/No	If yes, you should
Children's rights	No	Complete the Full Impact Assessments Children's Rights Impact Assessment below
Equality	Yes*	Complete the Equality Impact Assessment below
Rural Proofing	No	Complete the Rural Proofing Impact Assessment below
Health	No	Refer to the Integrated Impact Assessment Guidance
Privacy	No	Complete the Data Protection Impact Assessment below
Welsh Language	Yes*	Complete the Not required Welsh Language Impact Assessment below
Economic / RIA	No	Refer to the Integrated Impact Assessment Guidance
Justice	No	Complete the Justice System Impact Identification form on the intranet
Biodiversity	Yes*	Complete the Biodiversity Impact Assessment below
Climate Change	No	Refer to the Integrated Impact Assessment Guidance
Strategic Environmental Assessment	No	Refer to the Integrated Impact Assessment Guidance
Habitat Regulations Assessment	No	Refer to the Integrated Impact Assessment Guidance

Environmental Impact Assessment	No	Refer to the Integrated Impact Assessment Guidance
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* Mandatory for all proposals in order to meet statutory obligations.

SECTION 7. CONCLUSION

7.1 How have people most likely to be affected by the proposal been involved in developing it?

The manufacturing action plan brings together programmes across Government to support the manufacturing sector in Wales. Each of these programmes has been subject to individual scrutiny and this plan subjected them to further scrutiny through:

- Initial informal consultation with industry, unions, academia and internal Welsh government departments
- Workshops bringing together interested parties such as industry bodies
- Presentations to professional groups heads of procurement in Wales
- Discussions with UK Government
- A formal Ministerial led consultation launch event
- A formal consultation process and follow up discussions with individuals

7.2 What are the most significant impacts, positive and negative?

The Manufacturing Action Plan uses the five ways of working prescribed in the Well-being of Future Generations (Wales) Act, ensuring the actions we take will:

- Future-proof manufacturing in Wales, growing an innovative low carbon, resource efficient community;
- Prevent decline in manufacturing and focus on resilience through diversification of supply chain activity;
- Ensure integration with other actions being taken by other public sector bodies such as the Corporate Joint Committees; City / Growth deals, Natural Resources Wales and Skills bodies;
- Facilitate collaboration within and between Government, Industry, Academia and Trades Unions, where appropriate; and utilising the social partnership model developed in Wales.
- Involve the people of Wales, reflecting the society in which manufacturing operates and ensuring equality of opportunity.

The actions we take will be felt across the whole of Wales, building on bespoke regional strengths and helping to spread prosperity. Essential to this plan is the need to promote equality of opportunity in our manufacturing community and ensure that our language and

culture thrives in all regions of Wales. To that end we will ensure that monitoring of progress against this plan will include important aspects of Welsh Government policy on equality and diversity and our Cymraeg 2050 strategy.

In short, we have to transition and support transformation of our manufacturing community - including its supply chains - to one, which is increasingly involved in 'added value' activities. We need a manufacturing community, which consists of companies who have a strong financial performance, who undertake strategically important activities and who make a positive social, economic, environmental and cultural impact on their local communities, their regions and the supply chain in Wales. This is how we define High Value Manufacturing in Wales – not by the sector, its complexity or its use of technology – but on how it impacts the well-being of the citizens of Wales.

To make this happen, we cannot rely on business as usual; instead, Government, Public Sector, Industry, Trades Unions, Academia and other stakeholders must explore new ways of collaborating to develop a community, which:

- Protects and promotes growth in existing added value manufacturing capabilities, especially through its SMEs, by sharing best practice and collaboration;
- Exploits and yet protects for future generations, Wales' assets and advantages in innovative ways to establish unique selling points and competitive advantage;
- Positions itself to maintain and improve its contribution to the economy, communities, environment and culture of Wales;
- Puts research, development and innovation at the heart of transformation so companies can commercialise ideas which align with government objectives for the well-being of Wales;
- Provides leadership to key manufacturing supply chains and helps to transition into new opportunities and areas;
- Builds resilience, resource efficiency, circularity and decarbonisation into the whole value chain from supply and use of the raw materials and components used in manufacturing in Wales to end users.

7.3 In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

This plan is framing our response to the pandemic and the further impact of the end of EU transition together with a plan to future proof our manufacturing activities to ensure its vital contribution to the well-being of Wales continues. Through this plan we are re-affirming our commitment to deliver a well-being economy which drives prosperity, is environmentally sound, is resilient and helps everyone realise their potential.

This plan builds on the priorities in 'COVID-19 Reconstruction: Challenges and Priorities' and is rooted in our existing economic action plan, Prosperity for All, with its progressive purposes of reducing inequality and spreading wealth and well-being across all of Wales.

Delivering a well-being economy has three goals.

A **prosperous economy**, which requires a steady focus on resilience, with a capacity for transformation. We need to strengthen the foundations of the economy with a diverse yet inter-related economic base of outward-looking firms with positive innovation performance, good productivity levels and a workforce equipped with the skills for a changing world.

A **green economy** which demands high levels of circularity, where resources are kept in use adding economic value and where waste is avoided. This economy is integral to a low carbon society, so we need to invest in low-carbon and climate resilient infrastructure, renewable energy projects, whole system thinking/design and sustainable homes.

An **equal economy** which means investing in the productive potential of all people in communities. We need to build ambition, encourage learning for life, improve our understanding of behaviours and attitudes and support people to make the most of their potential. Our regional approach will support a fair distribution of opportunities and we will continue to demand and champion fair work.

7.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

What we measure is an indication of what we value so the outcomes of our actions and how we take a holistic approach to the economy, recognising its potential for harm as well as good, demands a holistic way to measure progress.

Gross Value Added (GVA), can no longer be the dominant measure of success and prosperity. We are focussed on seeing progress on the national indicators for Wales which reflect the vision for well-being as our central pillar. This means driving improvements to our environmental impacts, well-being at work and wider progress of society as a whole. It

is not enough to measure overall wealth of a nation whilst glossing over inequality or consequential environmental degradation. .

The following well-being indicators provide an illustration of the breadth of metrics that guide our approach, and enable us to monitor and track our progress as a nation.

Environment
<p>Levels of nitrogen dioxide (NO₂) pollution in the air</p> <p>Capacity (in MW) of renewable energy equipment installed</p> <p>The Ecological Footprint of Wales</p> <p>Amount of waste generated that is not recycled, per person</p> <p>Emissions of greenhouse gases within Wales</p> <p>Areas of healthy ecosystems in Wales</p>
World of Work
<p>Gross Value Added (GVA) per hour worked (relative to UK average)</p> <p>Percentage of businesses which are innovation-active</p> <p>Percentage of people in employment, who are on permanent contracts (or on temporary contracts, and not seeking permanent employment) and who earn more than 2/3 of the UK median wage</p> <p>Gender pay difference</p> <p>Percentage of people in education, employment or training, measured for different age groups</p>
Society and Community
<p>Percentage of adults with qualifications at the different levels of the National Qualifications Framework</p> <p>Gross Disposable Household Income per head</p> <p>Percentage of people living in households in income poverty relative to the UK median: measured for children, working age and those of pension age</p>

Percentage who feel able to influence decisions affecting their local area
Mean mental well-being score for people
Percentage of dwellings with adequate energy performance

To ensure that progress properly monitored and measure, we will set up an Industry led panel with Ministerial oversight o focus on delivery of our commitment to future proof the manufacturing sector in Wales. This plan will develop over time but it is the start of an ongoing conversation between partners to safeguard the role of manufacturing in the well-being of Wales.

SECTION 8. DECLARATION

Declaration

I am satisfied that the impact of the proposed action has been adequately assessed and recorded.

Name of Senior Responsible Officer / Deputy Director: Dickie Davies

Department: ESNR Industrial Transformation Division

Date: January 2020

FULL IMPACT ASSESSMENTS

A. CHILDREN'S RIGHTS IMPACT ASSESSMENT

Not required

B. EQUALITY IMPACT ASSESSMENT

1. Describe and explain the impact of the proposal on people with protected characteristics as described in the Equality Act 2010.

Through this plan we are re-affirming our commitment to deliver a well-being economy which drives prosperity, is environmentally sound, is resilient and helps everyone realise their potential.

This plan builds on the priorities in 'COVID-19 Reconstruction: Challenges and Priorities' and is rooted in our existing economic action plan, Prosperity for All, with its progressive purposes of reducing inequality and spreading wealth and well-being across all of Wales.

Delivering a well-being economy has three goals.

A **prosperous economy**, which requires a steady focus on resilience, with a capacity for transformation. We need to strengthen the foundations of the economy with a diverse yet inter-related economic base of outward-looking firms with positive innovation performance, good productivity levels and a workforce equipped with the skills for a changing world.

A **green economy** which demands high levels of circularity, where resources are kept in use adding economic value and where waste is avoided. This economy is integral to a low carbon society, so we need to invest in low-carbon and climate resilient infrastructure, renewable energy projects, whole system thinking/design and sustainable homes.

An **equal economy** which means investing in the productive potential of all people in communities. We need to build ambition, encourage learning for life, improve our understanding of behaviours and attitudes and support people to make the most of their potential. Our regional approach will support a fair distribution of opportunities and we will continue to demand and champion fair work.

Our vision of the future of manufacturing in Wales is predicated on the sector moving towards more value added activities – “High Value Manufacturing” as we term it – is about manufacturing activities which have a positive social, economic and environmental impact on the well-being of the citizens of Wales. It is about creating well paid jobs, safe communities, carbon neutral industries and a thriving Welsh culture. Importantly, High Value Manufacturing is a theme in the North Wales Growth Deal, the Cardiff City Capital Region Deal and the Swansea Bay City Deal, ensuring that the sector remains a high priority for all regions of Wales.

To ensure that our manufacturing community, including its supply chain, is fit for the future, the Manufacturing Action Plan has identified the following issues along with an “owner” in Welsh Government, who will co-ordinate the partnership needed to achieve our goals. Actions have been prioritised in terms of immediate (the next 12 months), medium (up to 5 years) and long term (up to 10 years). Then themes are:

- Equality of opportunity
- Our language and our culture
- Research, development and innovation
- Data, information and knowledge
- Public sector procurement
- Business support
- Climate change, the need to protect our environment and decarbonise our commercial and social activities
- Technological change including artificial intelligence, automation, digitalisation and the connected environment
- The need to refine skill sets
- Strengthening collaboration between government, industry, trades unions and academia
- Developing communities and clusters within manufacturing sub-sectors
- The provision of modern infrastructure to support changes to the way we work and how we access work opportunities.
- Fair work commitments to ensure that people working in manufacturing are treated fairly
- Strengthening leadership and management in manufacturing
- Supply chain resilience
- Improving anchorage of businesses in Wales

What we measure is an indication of what we value so the outcomes of our actions and how we take a holistic approach to the economy, recognising its potential for harm as well as good, demands a holistic way to measure progress.

Gross Value Added (GVA), can no longer be the dominant measure of success and prosperity. We are focussed on seeing progress on the national indicators for Wales which reflect the vision for well-being as our central pillar. This means driving improvements to our environmental impacts, well-being at work and wider progress of society as a whole. It

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<p>Gross Value Added (GVA) per hour worked (relative to UK average)</p> <p>Percentage of businesses which are innovation-active</p> <p>Percentage of people in employment, who are on permanent contracts (or on temporary contracts, and not seeking permanent employment) and who earn more than 2/3 of the UK median wage</p> <p>Gender pay difference</p> <p>Percentage of people in education, employment or training, measured for different age groups</p>
Society and Community
<p>Percentage of adults with qualifications at the different levels of the National Qualifications Framework</p> <p>Gross Disposable Household Income per head</p> <p>Percentage of people living in households in income poverty relative to the UK median: measured for children, working age and those of pension age</p>

Percentage who feel able to influence decisions affecting their local area
Mean mental well-being score for people
Percentage of dwellings with adequate energy performance

To ensure that progress properly monitored and measure, we will set up a Industry led panel with Ministerial oversight o focus on delivery of our commitment to future proof the manufacturing sector in Wales. This plan will develop over time but it is the start of an ongoing conversation between partners to safeguard the role of manufacturing in the well-being of Wales.

Record of Impacts by protected characteristic:

Protected characteristic or group	What are the positive or negative impacts of the proposal?	Reasons for your decision (including evidence)	How will you mitigate Impacts?
Age (think about different age groups)	<p>There are many positive impacts as the main issues and themes include actions relating to equality of opportunity, language / culture fair work commitments, Skills requirements, leadership and management.</p> <p>However, managing these impacts will be cross government as the actions lie with existing programmes in the main.</p>	<p>The themes identified are there to help future proof the manufacturing sector. Skills gaps have been identified as key and any future work in this area will focus on equality of opportunity so that these gaps can be filled.</p>	<p>The capacity and capability study along with the PESTLE, SWOT and gap analyses will help identify issues and actions to mitigate them.</p>
Disability (think about	As above	As above	Focus on gaps in skills and the abilities

different types of disability)			of people to fill them rather than the issue of disability.
Gender Reassignment (the act of transitioning and Transgender people)	As above	As above	A focus on leadership and management skills to ensure the best able people work on our manufacturing sector.
Pregnancy and maternity	As above	As above	The gender balance in manufacturing does not reflect society and coupled with skills gaps particularly at senior level suggest more needs to be done to ensure women are not disadvantaged by pregnancy.
Race (include different ethnic minorities, Gypsies and Travellers and Migrants, Asylum seekers and Refugees)	As above	As above	Equality of opportunity is a key way of ensuring we have the right people we need working in manufacturing.

Religion, belief and non-belief	No impacts	Nothing identified during consultation with stakeholders.	Equality of opportunity is a key way of ensuring we have the right people we need working in manufacturing.
Sex / Gender	<p>There are many positive impacts as the main issues and themes include actions relating to equality of opportunity, language / culture fair work commitments, Skills requirements, leadership and management.</p> <p>However, managing these impacts will be cross government as the actions lie with existing programmes in the main.</p>	As above	Equality of opportunity is a key way of ensuring we have the right people we need working in manufacturing.
Sexual orientation (Lesbian, Gay and Bisexual)	As above	As above	Equality of opportunity is a key way of ensuring we have the right people we need working in manufacturing.
Marriage and civil partnership	No impacts	Nothing identified during consultation with stakeholders.	Equality of opportunity is a key way of ensuring we have the right people we need

			working in manufacturing.
Children and young people up to the age of 18	<p>There are many positive impacts as the main issues and themes include actions relating to equality of opportunity, language / culture fair work commitments, Skills requirements, leadership and management.</p> <p>However, managing these impacts will be cross government as the actions lie with existing programmes in the main.</p>	Fair work commitments in particular will have a positive impact on young people along with work on training and apprenticeships.	Making manufacturing an attractive career choice for young people is vital to future proofing the sector.
Low-income households	As above	Fair work commitments in particular will have a positive impact on low income households.	The Living Wage commitments are an essential part of addressing low income households.

Human Rights and UN Conventions

Do you think that this policy will have a positive or negative impact on people's human rights? *(Please refer to point 1.4 of the EIA Guidance for further information about Human Rights and the UN Conventions).*

Human Rights	What are the positive or negative impacts of the proposal?	Reasons for your decision (including evidence)	How will you mitigate negative Impacts?
Positive	Ethical employment ion supply chains code of practice and fair work commitments deals with issues such as modern slavery. The living wage, union blacklisting etc.	Consultation with stakeholders confirmed this.	Not applicable

C. RURAL PROOFING IMPACT ASSESSMENT

Not required

D. DATA PROTECTION IMPACT ASSESSMENT SCREENING

Not required

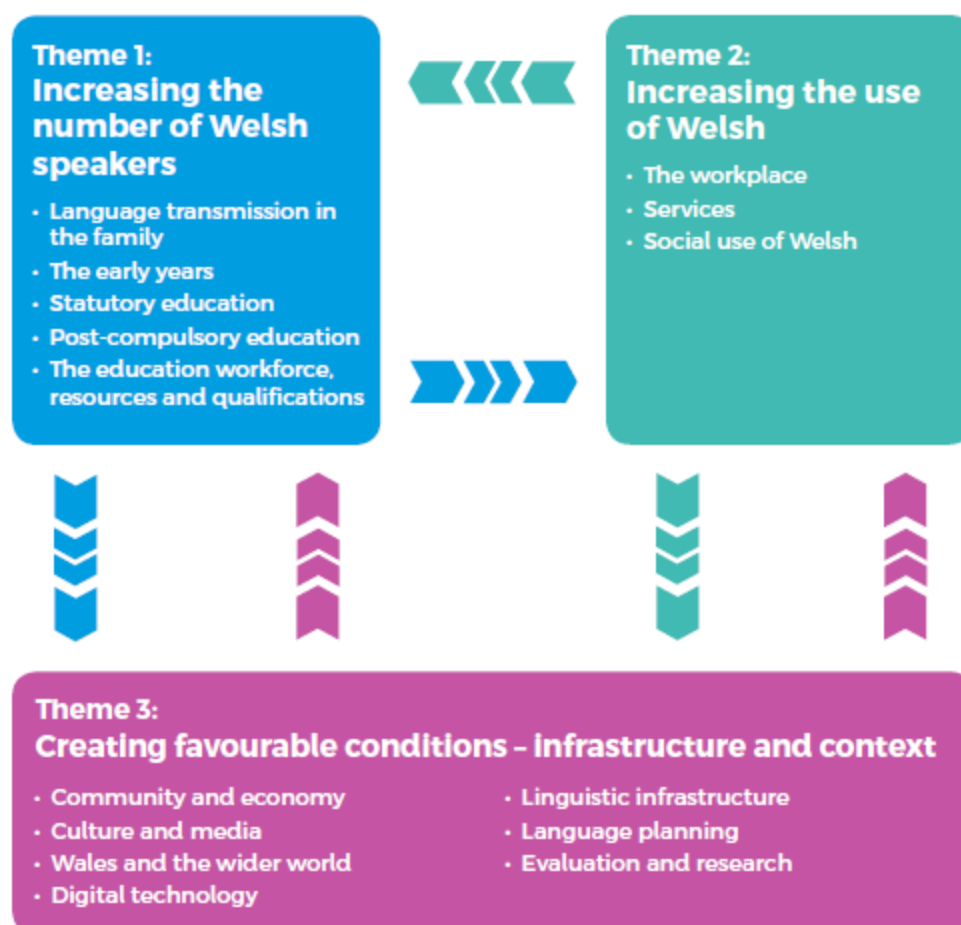
E. WELSH LANGUAGE IMPACT ASSESSMENT

Cymraeg 2050 is our national strategy for increasing the number of Welsh speakers to a million by 2050.

The Welsh Government is fully committed to the new strategy, with the target of a million speakers included in the *Taking Wales Forward* Programme for Government and *Prosperity for All: the national strategy*. A thriving Welsh language is also included in one of the 7 well-being goals in the Well-being of Future Generations (Wales) Act 2015.

We also have a statutory obligation to fully consider the effects of our work on the Welsh Language. This means that any Welsh Government policy should consider how our policies affect the language and those who speak it.

The *Cymraeg 2050* strategy has three themes:



The headings under each theme outline the scope of activities that can affect the language.

As a general rule, if your policy has the potential to impact on people, it will impact in some way on Welsh speakers and therefore on the Welsh language.

1. Welsh Language Impact Assessment reference number (clearance code: 07/01/2021, provided by the Welsh Language Standards Team, Safonau.Standards@gov.wales, on 25th January 2021)
2. Does the proposal demonstrate a clear link with the Welsh Government's strategy for the Welsh language? – *Cymraeg 2050 A million Welsh speakers* and the related Work Programme for 2017-2021?

The link between the Wales Manufacturing Action Plan and Cymraeg 2050 strategy exists, but it is indirect by nature.

It is not possible to quantify the impact of the Wales Manufacturing Action Plan on the Welsh language as the Plan focusses on ten themes which will impact the Welsh language in different ways. The individual themes are:

1. Climate change, the need to protect our environment and decarbonise our commercial and social activities
2. Technological change including artificial intelligence, automation, digitalisation and the connected environment
3. The need to refine skill sets
4. Strengthening collaboration between government, industry, trade unions and academia
5. Developing communities and clusters within manufacturing sub-sectors
6. The provision of modern infrastructure to support changes to the way we work and how we access work opportunities
7. Fair work commitments to ensure that people working in manufacturing are treated fairly
8. Strengthening leadership and management in manufacturing
9. Supply chain resilience

10. Improving anchorage of businesses in Wales
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The Welsh Government's CYMRAEG 2050 Strategy

In order to reach our *Cymraeg 2050* targets, achieving the target of a million Welsh speakers and double the daily use of Welsh by 2050, we must both maintain current Welsh-speaking communities and networks (geographical or otherwise); and increase the number of people who learn and use the Welsh language in future. The Wales Manufacturing Action Plan seeks to protect current employment in the sector and exploit new opportunities to grow employment in areas such as decarbonisation, renewable energy, digital manufacturing, as well as both reshoring and developing circular supply chains.

Without maintaining linguistically vibrant communities, particularly in the west and north-west, there will be fewer opportunities for people to use the language in everyday social situations.

- 3. Describe and explain the impact of the proposal on the Welsh language, and explain how you will address these impacts in order to improve outcomes for the Welsh language. How will the proposal affect Welsh speakers of all ages (both positive and/or adverse effects)? You should note your responses to the following in your answer to this question, along with any other relevant information:**

There are many regions such as the Basque country and Flanders which have dual language, thriving economies. The Wales Manufacturing Action Plan, as part of its 'Strengthening Leadership' theme, seeks to benchmark against comparable regions to gain further understanding of the manufacturing sector interventions which have been successful and what consequences have followed.

One of the characteristics of manufacturing in Wales is the Advanced Materials & Manufacturing sector had 100% of its anchor companies as foreign owned, and all but two of its regionally important companies were also foreign owned. This should not be seen as a barrier to protecting and growing Welsh language, as companies seek to connect with the culture of their chosen operating transplants.

As an example, Toyota, quoted in the seminal book, 'The Toyota Way'¹¹, includes a 3 point mission; the first point being:

'Contribute to the economic growth of the country in which it is located.'

This is further reinforced by Toyota's seven guiding principles, the first two being:

- 'Honour the language and the spirit of every law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.'
- 'Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.'

It is vital to the Welsh language that highly paid, highly skilled jobs are protected and grown in Wales, to attract local talent from communities which might otherwise lead to a 'brain drain'. This term refers, in particular, to young talent needing to seek employment opportunities outside Wales, where there is no local option to develop their talent and provide a competitive remuneration. The Manufacturing sector is a key employment 'magnet' in that it pays salaries far in excess of the average wage and includes many exciting career paths. This is evidenced by the fact that manufacturing remains central to the success of the economy overall, accounting for two thirds of overall R&D.¹²

We must also address the potential **medium to long-term impacts** of both the COVID-19 pandemic and the consequences of the negotiated EU Trade deal on the Welsh language within the context of wider societal and economic changes and challenges. There will be impacts across Wales, but there is a risk that these will be more acute in the west and north-west in those areas that have high percentages of Welsh-speakers. This presents a significant risk to the future of these communities and, in turn, the future of the Welsh language. This will fall disproportionately on manufacturing subsectors, where aerospace and automotive for example, are clustered around the North East and South East of Wales. Other sectors such as Energy (noting the accompanying infrastructure / construction requirements) and Food & Drink may be more sensitive to changes in employment patterns in West Wales, and are therefore considered more likely to impact on employment in Welsh speaking communities.

The importance on manufacturing sectors to maintain employment levels in areas such as West Wales may become more prominent if existing sectors which employ higher levels of

¹¹ Liker, K. (2004) *The Toyota Way*. McGraw-Hill. USA.

¹² [UK Manufacturing The Facts 2019/20 | Make UK](#)

Welsh speakers (agriculture and farming) are adversely affected due to the UK leaving the EU.

How will the proposal affect the sustainability of Welsh speaking communities¹³ (both positive and/or adverse effects)?

The positive effects are noted above, in terms of protecting and growing jobs, previously categorised by the Welsh Government's Economy department as Jobs Safeguarded and Jobs Created.

A possible downside would manifest itself if a large number of employment opportunities were to become available at short notice, for which there was a deficit of Welsh skilled labour available. In such a situation, it would be quite possible for those jobs to be offered to people outside Welsh speaking communities, and depending on skill requirements, quite possibly outside Wales. Such an infusion would have a diluting effect on the region and Welsh speaking community. A possible scenario might be enacted if a large FDI project was to come to Wales. This raises the issues of having the right skills in the Welsh workforce, noting the difficulties associated with warehousing skills, and ensuring that all stakeholders within economic development are engaging with each other to ensure such unintended consequences are not reached. 'The need to refine skill sets' is a main theme within the Wales Manufacturing Action Plan as the sector transforms itself through digital and environment technologies, and complementary, the challenges to increasing the future talent pipeline in STEM are also addressed.

The conclusion of the EU Transition is also a factor which could impact inversely on Welsh communities and sectors which are most sensitive to issues around and competition. Although a 'no deal' has been avoided as the outcome of the EU Transition, and therefore WTO tariffs will not be enforced, there will be impacts across Wales, and there remains a risk that these will be more acute in the West and North West in those areas that have high percentages of Welsh-speakers. This presents a significant risk to the future of these communities and, in turn, the future of the Welsh language. This will fall disproportionately on manufacturing subsectors, where, as stated previously, aerospace and automotive are clustered around the North East and South East of Wales. Other sectors such as Energy (with its Infrastructure requirements) and Food & Drink have also been referred to previously, are considered more likely to impact on employment in Welsh speaking communities due to the geographical dispersion across Wales. The Food and Drink sector, which is the largest manufacturing sector in Wales by employment, and seen as strategically important in terms of its strengths and building resilience, with its close ties to

¹³ These can be close-knit rural communities, dispersed social networks in urban settings, and in virtual communities reaching across geographical spaces.

agriculture and farming, has avoided tariffs to EU trade, but it remains to be seen how the EU market responds to UK exports. According to the Grocer, 94% of the UK's food and drink exports currently go either to the EU or to countries with which the EU has negotiated an FTA. ¹⁴

The Wales Manufacturing Plan has a strong focus on overarching issues and discrete themes and is not a sector specific document; it is relevant to guide and support all sectors. However, global forces such as political trade agreements and health pandemics affect different sectors to different extents, and Welsh tourism has been adversely impacted by COVID-19. It is important for economic development and employment resilience that here is a focus on creating employment opportunities in high resilience, high growth opportunity sectors. This will support community resilience, and so prioritising sector development areas such as Renewable energy may become more attractive.

How will the proposal affect Welsh medium education and Welsh learners of all ages, including adults (both positive and/or adverse effects)?

The impact of the Wales Manufacturing Action Plan is likely to affect education in terms of employment population. If Welsh speaking parents are able to find high quality employment which will help them remain in the locality of a Welsh speaking community, the numbers of their children will, when aggregated, present a demand to justify Welsh language education. It is also likely that such schools will attract children from non-Welsh speaking families (based on non-language criteria such as school academic performance) and this will have a positive effect of growing Welsh language daily use in the community.

How will the proposal affect services¹⁵ available in Welsh (both positive and/or adverse effects)? (e.g. health and social services, transport, housing, digital, youth, infrastructure, environment, local government etc.)

The Wales Manufacturing Action Plan will affect services available in Welsh through the protection and growth of employment in Wales which will include Welsh Speaking communities. Job protection and job growth will be positively affected by the delivery of the actions against key themes in the Plan such as supporting the adopting of technological change, embracing decarbonisation, refining skills, nearshoring supply chains and increasing the levels of R&D which will in turn support company anchorage. The Welsh

¹⁴ [What do WTO rules really mean for UK food & drink? | Analysis & Features | The Grocer](#)

¹⁵ The Welsh Language Strategy aims to increase the range of services offered to Welsh speakers, and to see an increase in use of Welsh-language services.

speakers in the community will have a stronger voice for the provision of services in Welsh language if their numbers grow.

How will you ensure that people know about services that are available in Welsh and are able to access and use them as easily as they can in English? What evidence / data have you used to inform your assessment, including evidence from Welsh speakers or Welsh language interest groups?

This is not part of the Wales Manufacturing Action Plan and has not been impact assessed.

What other evidence would help you to conduct a better assessment?

There is an opportunity as part of the 'measures' phase (see below) to collect evidence on which Welsh Manufacturing jobs safeguarded and jobs created are filled by Welsh Speakers. The trajectory of such a measure will indicate whether or not the success of the Wales Manufacturing Action Plan, in conjunction with other policy levers such as the Economic Contract and Inward Investment performance, is positively impacting on Welsh language.

How will you know if your policy is a success?

Those goals of the Well-being for Future Generations Act (Wales) which will be most closely aligned and impacted on through the actions included within the Manufacturing Action Plan are: A Prosperous Wales, A Resilient Wales and a Globally Responsible Wales.

The goals are monitored for every supported inward investment project or capital grant and for every application there will be accompanying measures including jobs and other linkages to the WBFGA enacted through the EAP Economic Contract.

Measures such as jobs safeguarded or created for each project will feed into indicators such as workforce jobs in Manufacturing in Wales. At January 2021, this figure from ONS stands at 145,000. Consequently, workforce jobs in Manufacturing in Wales will impact on population statistics such as total jobs in Wales, and this will impact on outcomes which will be important to support the Welsh Language through Welsh speaking communities.

F. BIODIVERSITY IMPACT ASSESSMENT

The manufacturing action plan brings together programmes across government with environmental sustainability a key issue throughout. The plan does not directly deliver any of these programmes but those programmes will be delivered by project teams who will take on board the issue of biodiversity. The main one including land management will be infrastructure works under transport and property.

Construction will be a key area where manufactured products such as cement are used but the biodiversity issues will be handled via the construction programme.

1. How will your proposal integrate biodiversity into decision making?

There is a significant section of the plan devoted to procurement practices especially sustainable and ethical procurement of raw materials, components and finished goods.

This includes early consideration of biodiversity in the procurement process and seeks to enhance its role.

2. Has your proposal ensured biodiversity is accounted for in business decisions?

Whole of life costs including the value of biodiversity and natural resources are factored into the thinking behind procurement and investment decisions. This includes local food growing and energy usage reduction.

3. How does your proposal improve understanding and raise awareness of the importance of biodiversity, encouraging others to act?

Collaborative working is central to the plan and this will include promoting understanding of biodiversity.

4. Have you used the best available evidence of biodiversity to inform your proposal and this assessment?

Colleagues in Environment, Climate Change, Circular Economy and Sustainability have been extensively consulted on the plan.

5. Have you used up to date knowledge of the key impacts on biodiversity to make evidence-based decisions?

Colleagues in Environment, Climate Change, Circular Economy and Sustainability have been extensively consulted on the plan.

6. Can your proposal contribute to our body of knowledge for biodiversity?

It supports citizen-science initiatives, and monitoring schemes.

7. Can your proposal support biodiversity action in any way?

There is an emphasis in the plan to support collaboration across a host of issues.

8. Can your proposal help to build capacity for biodiversity action?

The plan supports skills acquisition and training?

9. Have you recorded decisions and actions to maintain and enhance biodiversity?

These reports will be included in individual programmes.

If your proposal concerns construction or management of land and/or sea, please also consider Questions 10 – 16:

Not applicable