



Prosperity for All: economic action plan

Executive Summary

Overview

The purpose of the Economic Action Plan is to support delivery of Prosperity for All – the national strategy for Wales. The Plan sets out a vision for inclusive growth, built on strong foundations, supercharged industries of the future and productive regions.

The Plan drives the twin goals of growing the economy and reducing inequality.

It sets out a number of ambitious proposals which commit the Government to a major shift in policy direction in a range of key areas mobilised around a common purpose to work with business and others to build resilience and future proof the Welsh economy.

Since devolution we have strengthened the foundations of the Welsh economy. Our labour market performance is strong with more people in work than ever before. Since 2011, we have had supported over 185,000 jobs across Wales and have a lower rate of unemployment than the UK average. We have a record number of active businesses in Wales, and the number of new business births is the highest for over a decade.

Our exports and levels of Foreign Direct Investment (FDI) continue to impress, demonstrating global confidence in the quality of Welsh business, products and services.

Despite this a number of stubborn issues remain, such as economic inactivity, relatively low levels of productivity and uneven distribution of growth and opportunity across our regions. In addition, the fourth industrial age brings significant challenges and opportunities alongside decarbonisation of the World economy. Leaving the European Union will frame the context against which we will implement this Plan and consider the wider opportunities and challenges we face. The changing world of work presents some of the most pressing policy challenges over the coming decades.

The combined impact of these economic, environmental, technological and demographic forces demands new approaches. Many Welsh businesses are adapting to this change and are key partners in our approach. Universities have an important contribution, with research and development, innovation and science critical in meeting this agenda.

As government, we have a responsibility to work in partnership to engage these issues head on and gear our support and policies to people, business and places that need it to survive and thrive.

The Plan balances the need for short, medium and long term action, recognising the impacts are being felt now and into the future.

It recasts the relationship with our partners as we seek greater social and long term economic benefit. Our approach will be different, will involve taking risks, but we believe these actions are entirely necessary and justified by the evidence. In return, we will deliver a strong and simplified offer to people, business and places.

The Economic Contract

The Economic Contract is the centrepiece of our new approach. This will frame the reciprocal relationship between Government and business and drive public investment with a social purpose.

We will apply the Economic Contract to our direct financial support to business. We will explore extending the contract to include our wider offer to business and the adoption of these principles by the rest of the public sector in Wales.

The Economic Contract will require businesses seeking investment from us to demonstrate all of the following as a minimum requirement:

- Growth potential (measured for example, by contribution to employment, productivity, or multiplier effects through the supply chain).
- Fair Work (as defined by the Fair Work Board).

- Promotion of health, including a special emphasis on mental health, skills, and learning in the workplace.
- Progress in reducing carbon footprint.

These will be the first stage requirement for businesses to meet before we will consider their proposals for funding. The Calls to Action will form the second stage.

Calls to Action

We will help businesses overcome key challenges of the future, changing our primary support mechanisms to focus on these Calls to Action. Any business asking for direct financial support will be required to develop proposals that respond and align to at least one of these Calls to Action:

- **Decarbonisation** - we want to enable more of our business base to become carbon light or free.
- **Innovation, Entrepreneurship and Headquarters** - we want to support businesses to innovate, introduce new products and services and succeed.
- **Exports and Trade** - we want to proactively support trade with the UK and rest of the world.
- **High Quality Employment, Skills Development, and Fair Work** – we want to improve our skills base and ensure that work is fairly rewarded.

- **R&D, Automation, and Digitalisation** – we want to help our businesses to develop and introduce new products, automate and digitise to remain competitive in the fourth industrial age.

These challenges, brigaded as Calls to Action, have been carefully chosen to reflect the issues to which existing businesses need to respond to and to which the businesses of the future will need to adapt.

Economy Futures Fund

We will streamline and simplify our approach into a single, consolidated Economy Futures Fund. We are responding to the call from business for simplicity and their expectation of partnership with government to be efficient and effective.

The Fund will align support to our five Calls to Action and the Economic Contract supporting those businesses that wish to adapt to grow.

We recognise business is best placed to understand the global market place and the most effective interventions. For the first time we will actively encourage and work with groups of businesses to collaborate to develop challenge proposals delivering against our Calls to Action. We will consider proposals that have a transformative effect on those

businesses themselves, as well as wider regional impacts on a case-by-case basis.

National Thematic Sectors

To maximise our impact we need to focus our financial resources and target our proactive support. In response to the rapidly changing economic environment, including a convergence of sector boundaries, we are simplifying our approach around three thematic sectors where our proactive support will be focussed:

- Tradable Services
- High Value Manufacturing
- Enablers

The support we offer will be linked to the Economic Contract and Calls to Action.

Foundation Sectors

The Foundation Economy is the part of the economy that provides essential goods and services and plays an important role in the lives of people and communities. We will focus on a limited number of foundation sectors:

- Tourism
- Food
- Retail
- Care

We will work across government on a range of issues to support these sectors including skills development, new business

models and infrastructure. We will work with the sectors to develop enabling plans to capitalise on opportunities for growth and innovation to address key issues.

Childcare

We will implement 30 hours of free education and childcare to support working families in reducing pressures around potential barriers to employment.

Regional Economic Development

Each of our regions has its own distinctive opportunities and challenges. We believe embracing these through more effective regional collaboration will lead to better outcomes.

We will introduce a new regionally focussed model of economic development. We will bring greater coherence through the work of our Chief Regional Officers who promote regional interests and issues in Welsh Government to tailor delivery on a broad range of issues. Our regional footprint is consistent with our local government reform agenda and those used by the Regional Skills Partnerships.

Decarbonisation

We have set out the pathway for transition to a low carbon economy and the steps that we

will take to support businesses in respect of decarbonisation and resource efficiency, linking to the Economic Contract requirement for businesses to decarbonise. This will include a range of activity from supporting the circular economy to developing and consulting on a new Clean Air Plan for Wales.

Skills and Lifelong Learning

We will publish a new Employability Delivery Plan for Wales, simplifying our offer to people of all ages who want to gain and retain a good job. Our new employability programme, Working Wales, will start in April 2019 and be responsive to the needs of individuals, employers and the labour market.

We will assess and match skills to the needs of the economy working with the Regional Skills Partnerships to anticipate future skills needs. We will introduce a strategic planning system for education and skills delivery across post 16 education and deliver at least 100,000 all-age apprenticeships aligned to the needs of our economy.

We recognise the international role played by our universities and the economic importance of the beneficial links they provide to the wider world through students, research and business relationships. We will bring together all Welsh Government controlled

research funding to reflect Welsh priorities, maintaining the benefits of national and institutional links between research, innovation and skills development. We will encourage and enable an entrepreneurial culture in Wales, and establish targets for the numbers of school, college, and university leavers starting companies.

Infrastructure

We will commit to a five-year programme of transport capital funding, to drive efficiencies in the delivery of transport projects and provide greater certainty for suppliers to invest. We will set a headline target of driving 20% efficiencies across the five-year investment portfolio for new projects, equating to hundreds of millions of pounds.

We will lead the way in decarbonisation of our transport networks and improve the air quality of the communities they serve. We will introduce a range of measures aimed at reducing the carbon footprint of taxis and buses in Wales to zero within ten years.

We will mandate regional land use planning across Wales and we will mandate regional land use planning across Wales and we will use these to underpin decision making for land use and transport planning.

Procurement

We will introduce new levels of innovation in procurement to further increase the number of Wales-based businesses, especially those headquartered here, winning business from the public sector.

We will drive through adoption of our Code of Practice on Ethical Employment in Supply Chains, fighting unfair and illegal employment practices. We will align infrastructure investment with regional development plans to maximise the impact of growth.

Trade and Investment

We will foster new relationships for trade and investment, safeguard existing relationships and promote Wales effectively on the global stage. This includes support for trade and investment by encouraging Welsh businesses to start and grow overseas trade. We will expand our international presence and work with other partners, including the UK Government and other administrations linking this to the importance of our relationships with Europe, the wider world, and the impact of exiting the EU.

Working together

Our ambitions for sustainable growth and reducing inequality require all of us to play our part. We cannot do this alone. We want to work with our partners around a common purpose, using all available levers to deliver the ambitions set out in this plan and to build resilience and future proof the Welsh economy.

We recognise the importance of transparency and this includes enabling others to understand the progress we are making. The national well-being indicators provide a clear and consistent framework for measuring outcomes we want to see as a nation. In line with the Prosperity for All strategy, we will use these to track progress over the longer term.

We commit to working with partners in the implementation of key pillars of this Plan. Following publication we will undertake a programme of engagement to inform the delivery of our new approach.

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.