

Our Economic Resilience & Reconstruction Mission



Llywodraeth Cymru
Welsh Government

Prosperous

Green

Equal



Message from the Minister



Ken Skates MS

Minister for Economy, Transport
& North Wales

Improving the well-being of everyone in Wales is the mission which drives our government's approach to the economy. We need to recover from the economic damage of the pandemic then reconstruct the economy with the fundamental goal of achieving long term well-being with dignity and fairness for people. Using the principles of the Well-being of Future Generations Act this document sets out clearly the values and priorities which will shape the decisions we must make in supporting our economic recovery.

The COVID-19 pandemic remains the single greatest public health crisis of our times. It is having a deep and damaging impact on our health and our society. COVID-19 has impacted the economy and labour market at an unprecedented scale, has brought significant disruption, leading to sharp falls in the number of people employed, the number of hours they work and the number of job vacancies on offer. Combatting the virus and seeking to prevent and mitigate the further damage of our exit from the European Union are our key objectives. Both threaten to reverse the progress we have made in reducing unemployment and economic inactivity in Wales over the last decade, with the greatest impact on those individuals who experience socio-economic disadvantage, for example women, Black, Asian and Minority Ethnic communities, disabled people and young people entering the labour market for the first time.

The UK has left the EU Single Market and we no longer have access to the frictionless trade in goods or services with EU member states. The impacts are very significant for manufacturing businesses and workers which are a larger part of Wales' economy than elsewhere in the UK. We will need to learn to live with border checks and new administrative requirements as well as different patterns of immigration and changes to funding mechanisms.

At the same time we have an unequalled opportunity to think long term and look to the future – to tackle with renewed vigour many of the deep-seated challenges that Wales faces and to help our people, businesses and communities recover and prosper. We won't just look to claw back the progress we made on unemployment and economic inactivity by tackling the employability of young people and adults entering the job market. But will look to address the transferability and adaptability of people and skills, and approach the economy differently, to ensure investment really pays off for workers and moves us away from precarious employment, low wages and in-work poverty. The approach must also take account of the fundamental challenges we face in tackling the climate and nature crises that presents challenges and opportunities for both the foundational and tradable economy.

We have responded at pace, drawing on the strengths of our collaborative approach of working in social partnership as Government, involving employers and Trade Unions to mitigate the economic impact while supporting business and workers. Nevertheless, over the next twelve months it is expected that unemployment, underemployment and economic inactivity will grow in Wales and across the UK. And it is vital we do not allow those economic conditions to provide the fertile ground within which unfair work can take root and spread. Collaborating with our social partners, we will ensure difficult economic circumstances do not drive a race to the bottom or dilute our ambitions for a fair work nation.

Young people, women, disabled people and ethnic minority communities will face particular difficulties when entering and re-entering the labour market, and within these groups, those with lower levels of qualification and other disadvantages will face the greatest challenges. With a period of job losses potentially being followed by a period of weak job creation there is strong evidence that mass unemployment could create long lasting “scarring” effects on people, resulting in lower levels of income and higher risks of becoming unemployed. These deleterious effects will last over many years – even decades.

Cumulatively they threaten the fabric of our communities, both urban and rural, and indirectly pose a risk to things we value as a nation such as the vibrancy of our Welsh-speaking communities. In rural communities in the west and north-west in particular where the proportion of Welsh-speakers is high a long-term set of risks persist relating to the agriculture industry in tandem with shorter term risks related to the pandemic impact on the tourism industry and rural Small and Medium-sized Enterprises (SMEs).

Pandemic impacts will be felt differently across economic sectors. All businesses will need to change in response to shift to a more circular economy, including those in industries considered likely to recover to the same or similar trading position as before e.g. primary industries such as quarrying. Others will recover but need to evolve and return more substantially and differently e.g. aviation and steel. The work of initiatives such as the South Wales Industrial Cluster have a role in delivering this change. The return of restrictions, consumer confidence and the strength of order-books may also mean some parts of the economy recover much more slowly e.g. hospitality, and construction linked to the housing market. The negative effects will be compounded by uncertainty about the UK’s future trading relationships with the EU and the adverse effects of future arrangements.

COVID-19 has had a significant direct economic impact, but our determination for an integrated response also recognises that indirect impacts, such as the consequences of damaged mental and emotional health across the Welsh workforce, will also need attention.

Looking ahead, the reconstruction of the economy will not be a return to business as usual. The world has permanently changed. The response to the pandemic has accelerated many structural trends in automation, decarbonisation and the impact of an aging population that were evident before the crisis. These changes have profound implications for the future of work, community and well-being. COVID-19 has impacted the economy and labour market at an unprecedented scale, bringing significant disruption and leading to sharp falls in the number of people employed, the number of hours they work and the number of job vacancies on offer. Innovations in digital technologies will continue to drive changes in the structure and nature of the Welsh economy, creating challenges in terms of the automation of work but also opportunities for new business, investment, lower work intensity and improved work life balance.

Whilst COVID-19 has come suddenly and at a huge cost, we have also witnessed people and communities coming together, reconnecting with

communities and local services and organising in ways not seen in living memory. It continues to be a challenging time for businesses and workers across Wales, but we have observed examples where businesses and workers have repurposed and adapted themselves to take better advantage of technology and to supply new markets.

We will need to harness opportunities such as the skills and abilities of our workforce, an invigorated entrepreneurial culture, a renewed focus and appreciation of the environment, key workers, volunteers and public services, an appetite for lifelong and online learning, and how digital technology has connected us and enabled us to operate as a society. We will continue to advocate the value of the Foundational Economy and never write off as unskilled and unproductive those vital jobs which keep us safe and civilised.

Whilst this recovery mission focusses on our policy levers, it also recognises the intrinsic integration of the Welsh and wider UK economy and does not understate the significant impact that UK Government decisions such as the Comprehensive Spending Review, Internal Market Bill and the implications of their forthcoming place based levelling up agenda may have for Wales.

I have reflected on the breadth and progressive nature of our current *Economic Action Plan*,

Prosperity for All, and refocussed activity on the unique circumstances we face - not so much a different challenge, but a deeper one. We will build on the progress we were making in delivering a more inclusive economy and one that looks ahead to the industries of tomorrow.

We will also focus clearly on the influence of UK Government on recovery in Wales, in addition to our own financial and policy levers. We have already shown ourselves very adept in delivering direct financial support to businesses and creating a skills and training architecture which has been appropriated, and adds value to the UK's Kickstart programme. The UK Government has great fiscal and spend capacity to combat the scale of the economic crisis we face, and we will maintain a sharp focus on ensuring they provide the necessary funding to support economic reconstruction in Wales.

We have a clear, ethical and coherent mission for economic resilience and reconstruction which responds to the current COVID-19 crisis and anticipates the consequences of EU Exit. It extends across the foundational and tradable economy to provide a progressive and innovative policy platform until the end of the current Senedd term in April 2021 and beyond. It is grounded in Wales and the approaches it contains reflect the unique

challenges and opportunities that we are facing right now. Our mission also responds to meeting the Well-being Goals and to the wider and longer term issues we face, such as dealing with the climate emergency and nature crisis, implementing the forthcoming Race Equality Action Plan which will take forward recommendations from the COVID-19 Black, Asian and Minority Ethnic Socio-economic Sub-Group, improving peoples experience of work and ensuring that the Welsh language grows and thrives.

This must be a shared mission where all citizens and institutions of this country can and should collaborate in the reconstruction of a prosperous, green and equal economy.

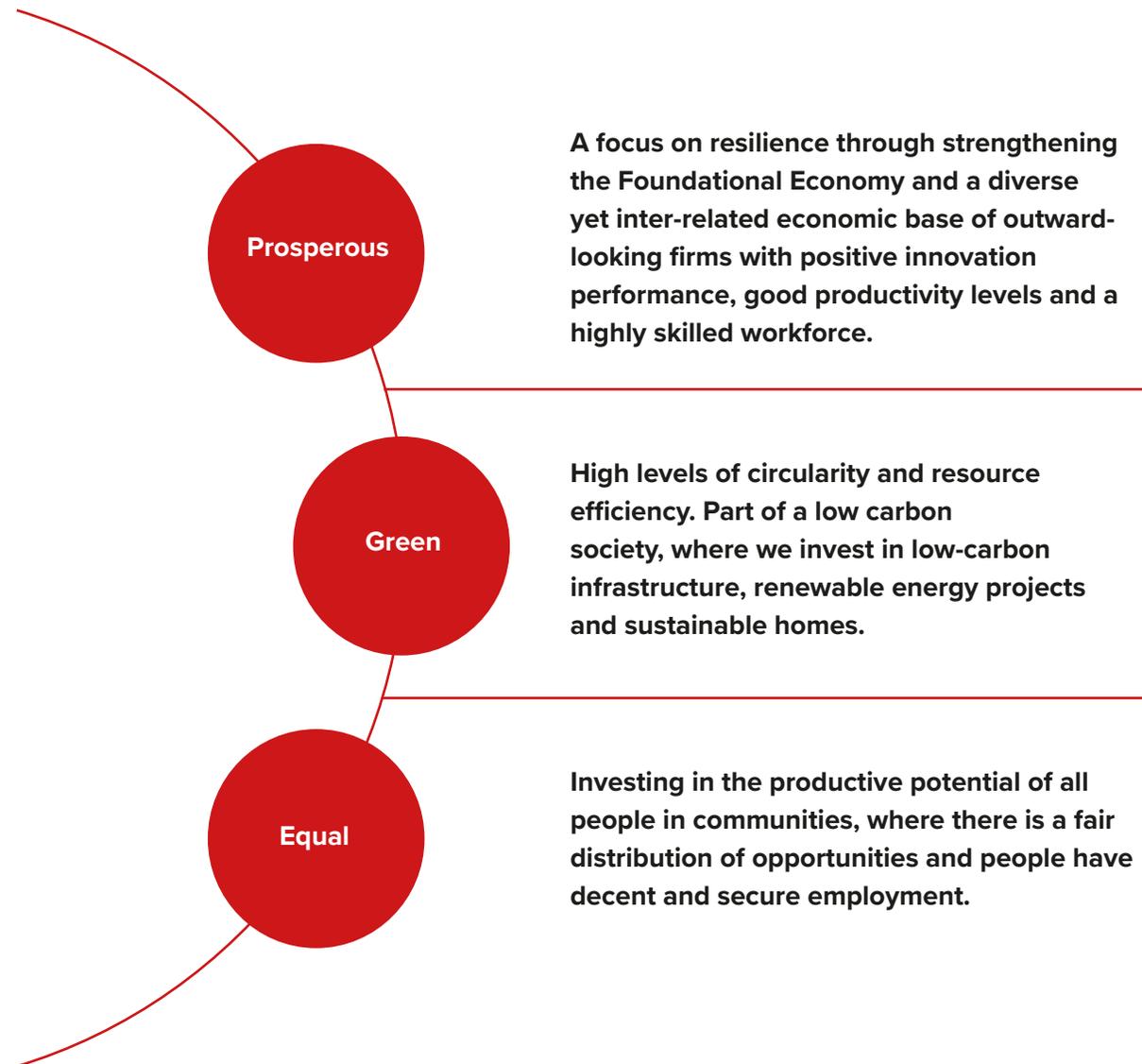


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Our Mission

The pathway to Welsh economic resilience takes forward the priorities in *COVID-19 Reconstruction: Challenges and Priorities* (October 2020). It builds on the foundations of *Prosperity for All: The Economic Action Plan*. This shaped an economic development programme which invests in people and businesses and drives prosperity and reducing inequality across all Wales. The mission builds on the early progress we have made in raising the profile and challenges in the Foundational Economy, recognising there is more to be done to spread and scale the approach. Other key initiatives including A Low Carbon Wales, Cymraeg 2050, the Employability Plan, the Manufacturing Action Plan and our Fair Work agenda run through all. *The Well-being of Future Generations Act* which is unique to Wales provides the framework to consider the needs of future generations and the long-term challenges that our people and our planet face. It has guided our approach to reconstruction ensuring a values based recovery. As a result of tax devolution, we are taking actions that will strengthen our tax base and help secure the money needed to fund vital public services in Wales. Our mission aligns closely with our *Framework for Regional Investment*, learning lessons acquired over 20 years of EU cohesion policy and setting out pathways through which we may optimally use replacement funding from the UK Government regionally.



Our intention is to create a Wales in which enhancing social, economic, environmental and cultural well-being are our driving purpose, delivering a prosperous, green and equal economic recovery that recognises the utmost importance of investing in people and places.

One Vision

Our vision is of a **well-being economy which drives prosperity, is environmentally sound, and helps everyone realise their potential**. It 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. Our economic well-being is without any doubt tied to our environmental, cultural and social well-being.

The drive for a well-being economy is no longer a fringe approach. The OECD has recently launched its Centre on Well-being, Inclusion, Sustainability and Equal Opportunity. Our membership of the Wellbeing Economy Governments partnership (WEGo) network has consolidated our place in the vanguard of this progressive approach to economic development and our reconstruction efforts will demonstrate our influence and leadership on this agenda. We will engage with emerging and progressive thinking and debate in this field, inputting our experience and learning from international good practice.

Three Outcomes

To translate our vision of a well-being economy into action and help everyone understand what it means, it is underpinned by the pursuit of three outcomes.

A more **prosperous economy** which requires a steady focus on resilience, and a capacity for transformation. We will take action to support the Foundational Economy and a diverse, inter-related economic base of grounded outward-looking firms with positive innovation performance, good productivity levels and an engaged and empowered workforce equipped with the skills for a changing world.



A **greener economy** which demands high levels of circularity, where resources are kept in use adding economic value and where waste is avoided. This can create jobs and skills opportunities in new industries from renewables to repair.

This economy is integral to a low carbon society, so we will invest in low-carbon and climate resilient infrastructure, nature-based solutions, renewable energy projects and sustainable homes.

A more **equal economy** which means investing in the productive potential of all people in communities making sure nobody is left behind. We will build ambition, encourage learning for life and support people to make the most of their potential where work is well-rewarded and fulfilling. Our regional approach will support a fair distribution of opportunities to deliver fairer outcomes for all members of society. We will continue to demand and champion fair work.



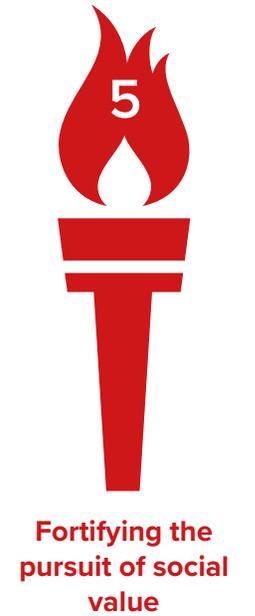
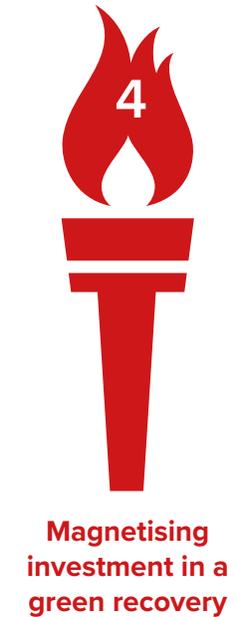
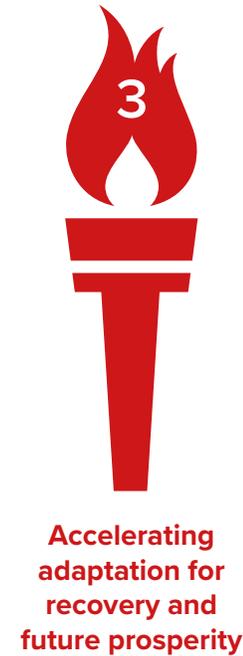
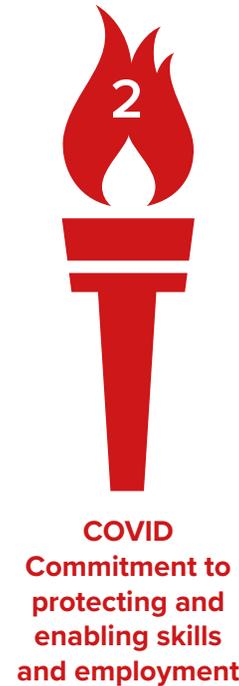
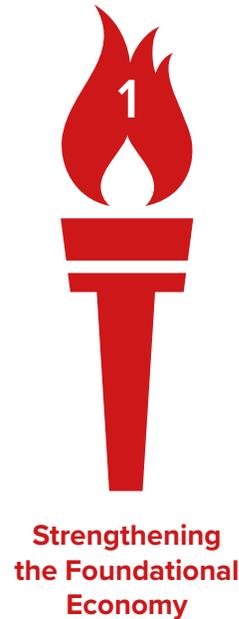
Grafmarine (The OpTIC Centre, St Asaph) are developing an integrated solar energy creation and, electrical storage system for any flat surface to create and store energy.

Five Beacons

Our activity is focussed around **five beacons** for overcoming COVID-19, and delivering medium and longer term recovery. The beacons are not standalone projects but are a combination of interventions we will make to underpin our approach for economic recovery. Each builds on how we have rapidly and flexibly adapted our policies and interventions to meet the challenges caused by the pandemic and points forward to realising our vision of Wales as a well-being economy. Our commitment to place-making and a green reconstruction, underpinned by investment in people and digital transformation, is integral to all.

They are:

- Strengthening the Foundational Economy
- COVID Commitment to protecting and enabling skills and employment
- Accelerating adaptation for recovery and future prosperity
- Magnetising investment in a green recovery
- Fortifying the pursuit of social value



All the Beacons have an integrating purpose across Government and involve working closely with social partners and others to build on the strong relationships which have evolved over recent months.

Strengthening the Foundational Economy

The COVID crisis has removed any doubt about the fundamental role of the Foundational Economy to the well-being of the nation. This is the part of the economy which could not be shut down as it provides the infrastructure of everyday life, serving our essential daily household needs, and keeping us all safe and civilised.

We have championed the role of the Foundational Economy seeking a more effective balance between the focus on the tradeable and competitive economy and the mainly sheltered Foundational Economy producing daily essential goods and services which underpin liveability and sustainability. But there remain a number of barriers, both in structure and attitudes, before we can realise the full potential of this approach. We will strengthen the Foundational Economy, to help build the resilience of communities to the economic fallout of the pandemic and leaving the European Union.



Wyn Griffiths and Rhys Gwilym making PPE visors at M-SParc, Gaerwen, Anglesey. Credit Kristina Banholzer.

Scaling up good practice in the Foundational Economy

Too often overlooked in economic development, this is the part of the economy which provides the essentials of everyday life such as electricity, water, health services and social care. The Centre for Research on Socio-Cultural Change estimated that the Foundational Economy accounts for approximately four jobs in every ten and approximately £1 in every £3 spent by households in Wales. It provides the jobs at the heart of local communities in areas such as care and health services, childcare, food, housing, energy, construction, waste and recycling. People depend on these services and products - they are critical to creating a Wales of cohesive communities which are attractive, safe, viable and well-connected.

Social care plays an essential role in the economy, helping those with caring responsibilities enter, return to or stay in work. The sector is also a significant and growing provider of employment opportunities in its own right. According to recent research*, social care is the seventh largest employment sector in Wales, contributing £2.2bn to the Welsh economy.

Work is being progressed to embed the Foundational Economy across all parts of Welsh Government, demonstrating leadership to the wider

Welsh public sector and clarity that it is a cross-cutting priority.

Through the Foundational Economy Challenge Fund we have supported partners to experiment and deliver innovative solutions to deep rooted issues within the Foundational Economy. We will use established networks, such as the Public Service Boards, to spread and scale positive outcomes from the Challenge Fund so that the benefits of deploying these new approaches are replicated at pace and at scale, for the good of communities across Wales.

We will support Public Service Boards to implement relational procurement programmes which meet the priorities of local well-being plans. The plans will focus on new approaches which can localise a greater proportion of public procurement creating stronger and more resilient Welsh supply chains which will in many cases offer lower carbon goods and services. Specific attention will be paid to supporting social enterprises, employee owned organisations and SMEs rooted in their communities to engage in public procurement, helping sustain and create local employment opportunities leading to healthier communities.

An anchor institution is one which, alongside its main function, plays a significant role in a locality by making a strategic contribution to the local

economy, such as hospitals, universities and local councils. We are working with NHS Wales to embed Foundational Economy principles and action across all areas of delivery. Initially, this will focus on their procurement of food, a priority economic sector, and to strengthen fragile long-supply chains in vital commodities such as critical Personal Protective Equipment. Food is a priority sector of the economy and increasing the proportion of local produce in our public sector supply chains could identify opportunities for growing medium sized enterprises in this sector.

Analysis of procurement expenditure data and future spending priorities will feed into our business development support to develop the capability of indigenous businesses to compete for upcoming contracts and to fill supply voids so that expenditure which currently flows outside of Wales is redirected into our economy and communities.

Alongside this dedicated activity the Foundational Economy is deeply embedded in the approach to economic reconstruction. Investing in social care, childcare, housing, energy and low carbon, and digital connectivity not only address the foundational needs of civilised life in Wales, but can offer meaningful and rewarding careers and be harnessed for economic development.

* https://socialcare.wales/cms_assets/file-uploads/The-Economic-Value-of-the-Adult-Social-Care-Sector_Wales.pdf

Town Centres

The sad state of many town centres demands urgent action. As part of our Transforming Towns agenda the Town Centre First Principle captures the role of the public sector as a catalyst to breathe new life and purpose into local streets. It is though not limited to the public sector. We know that we can no longer rely on retail alone, so we must ensure we use the creative opportunities to bring new economic opportunity and employment back to the centre of our towns as part of a wider offer of activities and uses including leisure, learning, local services and cultural activities. There is the opportunity to re-purpose buildings to create co-working spaces and encouraging new green skills and opportunities such as repair cafes, reuse and refill retail and remanufacturing innovation to breathe life back into struggling shopping centres. Creating greener spaces with improved urban air quality within ‘walkable neighbourhoods’ will help the Foundational Economy thrive and ensure community needs are met locally.

Our strategic plan ‘Welcome to Wales: Priorities for the visitor economy 2020-2025’ sets out a purposeful place-making approach to town centre and local community regeneration - creating local destinations that reflect the distinctive character, attractions and facilities that future visitors will be looking for.

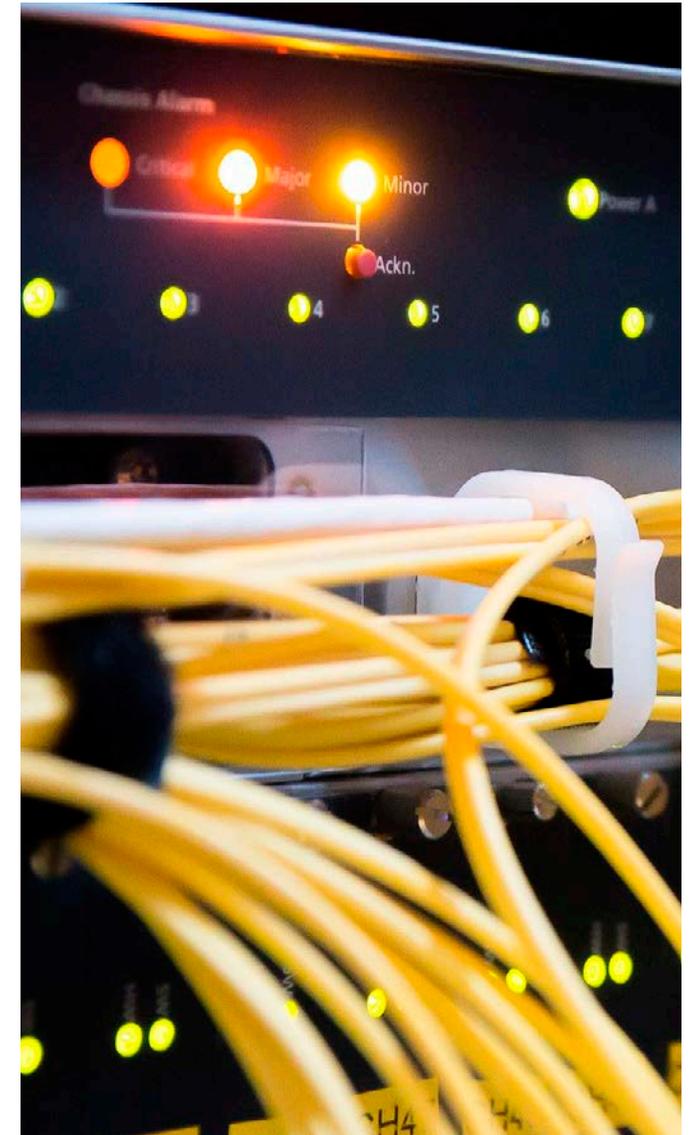
This creativity and repurposing is vital to reverse the hollowing out of town centres, to restore their vibrancy, and to reconnect them with their hinterland supported by active and sustainable travel. We must lock-in the positive impacts of the pandemic such as reduced traffic, congestion and emissions and the town centres of tomorrow must be green and clean – places which are attractive to work, visit and live.

Our long-term ambition is for 30% of Welsh workers to be working flexibly and remotely, to help drive regeneration and economic activity in communities. We will develop regional co-working hubs in town centres, and as a government lead the way deconcentrating and relocating our own workforce back into town centre locations. This will also bring positive changes to Wales’ working culture by helping workers’ productivity as well as their work-life balance.

Digital inclusion

We are creating a digital strategy for Wales because we want people in Wales to experience modern, efficient and streamlined public services and at the same time stimulate innovation in our economy and support outcomes today and for future generations.

We know there is a large proportion of people across Wales who are not digitally confident – they either do not personally use the internet, lack



the basic digital skills to access vital services and information and may lack access to a device and or connectivity. As a Government we will work to ensure that no citizen is left behind as we embrace a digital first approach and digital inclusion will be at the heart of all we deliver. Our citizens need to be digitally confident so that they can engage and benefit from our investment in digital innovation

We will also deliver a major digital infrastructure programme and investment to support multi-place working hubs. We will enable this shift by accelerating work on broadband access through a boost to our Superfast Broadband Programme and developing novel approaches to supporting mobile connectivity and general access to IT provision.

Public procurement

Some 48% of NHS Wales' annual £22m food-related budget expenditure is being spent outside of Wales. Large parts of the public sector supply chain where expenditure is apparently locally retained are also in fact sourced from outside of Wales. We have the opportunity to work with our suppliers to develop shorter, Wales based supply chains and retain value in our national economy. This supply chain work is a key element of the Manufacturing Action Plan as it will present opportunities to produce more raw materials, components and finished goods in Wales and supply them into the public sector.

As part of our work supporting the Foundational Economy all categories of spending by the public sector in Wales are being analysed for the potential to redirect to support local and regional economies. We will strengthen the procurement profession and to support a transformation of the Welsh supply chain to be able to allow SMEs to take advantage of this opportunity.

Arfor

The Arfor programme (2019 -2021) provides the basis for a range of innovative projects in the counties of Ceredigion, Gwynedd, Carmarthenshire and Anglesey. It places an emphasis on developing the economic infrastructure with the aim also of benefiting the Welsh language by providing economic opportunities in communities with high percentages of Welsh speakers or in towns that serve those communities. The programme has supported businesses and stimulated individuals to venture for the first time. It has also developed projects supporting youth entrepreneurship such as Llwyddo'n Lleol project that provides opportunities for young people to develop business ideas and supports them along the way. The Enterprising Communities Challenge project delivered through Arfor also works with three communities, offering new opportunities for developing ideas that will circulate money within their communities and create jobs.

Response to COVID: PPE supply

The experience of sourcing PPE during the pandemic has taught us important lessons as we set about work on the reconstruction. Working together NHS Shared Services and Local Government did an excellent job of securing supplies and distributing them to where they were needed. We now have significant stocks of all types of PPE. Welsh Businesses also rose to the challenge of repurposing to supply PPE for frontline workers.

The crisis also showed the fragility of the global supply chain and the economic opportunity of 'on-shoring' everyday products we currently import. In securing sources of PPE that give the Welsh NHS greater resilience we can also support more local companies to grow. The PPE Winter Plan for health and social care includes a commitment to place a portion of orders for Type IIR Masks with Welsh-based manufacturers, and there are good opportunities to inshore further amounts of PPE products going forward.



COVID Commitment to protecting and enabling skills and employment

Employability and skills support is vital in times of economic uncertainty, and it's clear that the COVID-19 pandemic threatens to reverse progress made in reducing unemployment and economic inactivity in Wales over the last decade. Working across Government, we remain focussed on supporting people across Wales into work today, whilst also preparing the workforce for the immediate and long-term challenges of the future as set out in the recently published **Coronavirus Reconstruction: Challenges and Priorities**.

Our goal is to create resilient individuals who have the skills, enthusiasm, drive and creativity to fulfil their potential in a fast changing world, where ability, background, gender, or ethnicity is not a barrier to securing fair employment.

We remain firmly committed to supporting people to access training, higher and further education in order to gain and retain fair employment or self-employment, securing learner continuity and progression in the labour market at this critical time.

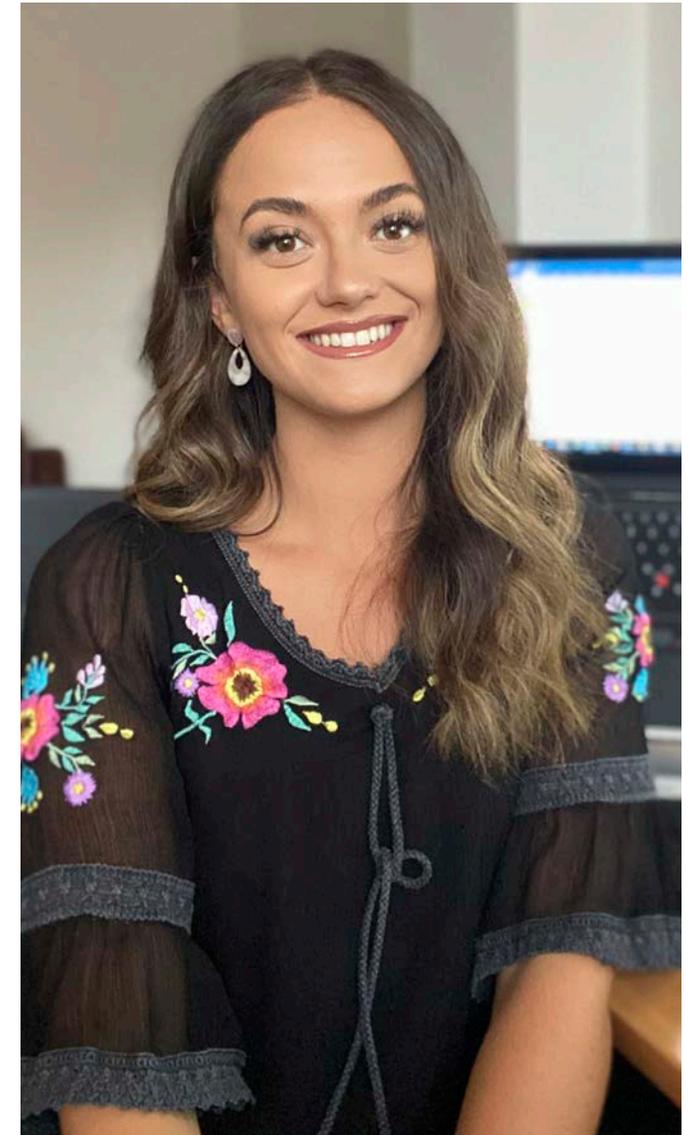
With a focus on tackling economic inequality and supporting those who have been most adversely affected by the COVID crisis - especially young people, those in low paid and insecure employment, ethnic minority communities and disabled people.

COVID Commitment

We will continue to provide crucial assistance to people who might have lost their job or training opportunity because of the pandemic, to help people develop new skills fit for the future and to find new employment.

Young people will be supported to continue in learning, gain crucial skills for employment, enter work based learning, or join the workforce for the first time.

Employers will have our support to recruit new talent, retain and upskill their existing workforce and improve workplace health and well-being.



Apprentice Nikita Williams at Capgemini

Our “COVID Commitment” pledge is to ensure that anyone over 16 in Wales can access advice and support to find work, pursue self-employment or find a place in education or training, targeted at individuals in the Welsh labour market who are most likely to be negatively impacted. A suite of measures underpin the commitment.

In addition, universities and colleges are being supported to maintain teaching, learning and skills, including targeted support to enable institutions to provide blended and online learning during the pandemic.

Support for individuals include:

- Expanded front line services for people 16+ within Working Wales and Communities for Work Plus to provide advice and guidance, assist with matching participants with local labour market opportunities, support job search, employability skills and training.
- Expanded mentor provision through Community Employability Programmes for unemployed individuals requiring more intensive and tailored support, with onward referral, where appropriate, to the wider employability offer including DWP services.



L to R: Nicky Blake, Managing Director of High Precision Wales with apprentice, Manmeet Singh completing NVQ level 3 in Engineering Manufacturing.

- Boost to **retraining support** for the existing workforce to find new or better employment, switch sectors and occupations, and access a wider range of job opportunities in areas of skills demand through the national roll out of the Personal Learning Account Programme, ReAct, the Online Skills Toolkit and Wales Union Learning Fund.
 - New employer incentives of up to £3,000 to encourage employers to create Apprenticeship opportunities, **for people of all ages** to learn and undertake qualifications whilst earning a wage.
 - Essential **employability support and work experience for 16-18 year olds** through the Traineeship Programme. Plus support for more graduates to access work experience, work tasters and paid work placements when they leave University through Go Wales.
 - Health led **counselling and therapeutic services** for those at risk of unemployment due to musculoskeletal or mental health problems with expanded peer mentoring support for those unemployed with mental health and/or substance misuse issues as a result of COVID-19.
 - A new self-employment barriers fund, offering up to £2,000 to support business start-up is available through Business Wales.
- Support for Employers include:**
- New **recruitment support** and incentives to support employment of young Apprentices aged 16-24, to encourage re-employment of redundant apprentices, and sector driven Shared Employer Apprenticeships.
 - **Training support** for employers to upskill and develop their people through the Wales Union Learning Fund, plus specific partnership projects with the creative, hospitality and tourism, semi-conductor, advanced engineering, manufacturing, and digital industries through the Flexible Skills Programme and Degree Apprenticeships.
 - Dedicated support to aid the **recruitment and retention of Disabled People**. Six Disabled People’s Employment Champions will engage business leaders across Wales to inspire, lead and instigate the change that is required to close the employment gap. An employer toolkit will guide employers through the recruitment journey from business case to retention, dispelling myths along the way, plus roll out of an e-learning module on the social model of disability.
 - Support for **Workplace Well-being** through expansion of the In Work Support Service. It provides rapid access to physiotherapy, psychotherapy and occupational support to people with mental and physical health conditions, and plays a vital role to help those on sickness absence to return to work more quickly, supporting employee retention and reduce absenteeism for those at risk of unemployment. Plus training to businesses to help them improve their workplace wellbeing practices, guidance and policies, with new resources to help support the challenges being faced by business and furloughed staff.
 - Support to employers and employees through the Healthy Working Wales service, which is delivering a one-stop location for COVID-19 related guidance and resources to support **safe working environments**, bespoke toolkit for employers with regards to mental health and the impacts of COVID-19, with the Time to Change Wales campaign helping people face difficult conversations about mental health and stigma in the workplace.

Looking ahead:

We will press ahead with our reforms to the post-compulsory education and training (PCET) sector, and maintain our intention to introduce a Tertiary Education and Research Bill early in the new Senedd term. We will work with the sector to realise our recently published vision for tertiary education, meeting the challenges of the immediate and longer-term future that have been transformed by the pandemic. We will ensure a more strategic, coherent, and efficient approach to overseeing tertiary education and research, under the auspices of a single Commission, with a clear remit to shape a system that works for the people of Wales and the Welsh economy.

Procurement goes live for a new Job Growth Wales early in 2021. The new programme will deliver a holistic approach to help young people prepare for and experience the world of work, and support employers to take on young people.

We are revisiting our other employability schemes and work is well underway to develop a new programme to provide support for people over the age of 18 to overcome barriers to work, and enter quality sustainable employment. As such, we are doing more to understand the impacts of

Coronavirus on the labour market, and focus on how we can best support the most disadvantaged and marginalised groups.

Employment and income is a priority theme of the forthcoming Race Equality Action Plan and we will work with Black, Asian and minority ethnic communities to develop meaningful actions within that plan that address employment issues related to both the disproportionate impact of the pandemic alongside the inherent disadvantage caused by structural and systemic racism.

Our support will be underpinned by a new Careers Wales strategy that will ensure provision of a bilingual, inclusive and impartial career guidance and coaching service for the people of Wales. Supporting young people and adults to make positive transitions into learning and work, understanding the skills required to succeed in the labour market and contribute to the future economy of Wales. In addition to developing their work with employers, training providers and entrepreneurs to understand their skills requirements and opportunities for young people and adults.

Alongside this we continue to address barriers to entering employment such as affordable high quality childcare. Our Further and Higher Education

Institutions already have funding in place to help parents meet the costs of childcare to enable them to study. Our Childcare Offer for Wales provides 30 hours of early education and childcare provision to the working parents of 3 and 4 year olds and we are currently considering whether or not this should be extended to parents in education and training.



Enabling a green and just recovery

Opportunities in **health and social care** are expected to continue to grow in demand in the future, as such Social Care Wales, our social care workforce regulator, will continue to support people with the right values into the sector. The 'We Care Wales' campaign showcases roles and careers in social care. A new jobs portal is supporting recruitment and retention in the sector, to give people a flavour of what it is like to work in a care role. The jobs portal also gives people the opportunity to undertake basic training to attach to their applications for employers to view prior to interview through a new feature '*Question of Care*'.

Skills and employability have a key role to play in underpinning Wales' decarbonisation ambitions. The challenge to Government and employers alike is to upskill the existing workforce, and rapidly expand the workforce in **green growth sectors**. Investment in low carbon housing at scale and upgrading housing stock particularly social housing, is likely to be a central plank of recovery to increase energy efficiency of Welsh homes, reduce fuel poverty and create jobs. Responding to the Ministerial Green Recovery Taskforce Report, we recognise that optimising existing programmes, adapting training provision and increased delivery in low carbon will be critical.



Encouraging youth volunteering in areas such as **nature restoration** could provide opportunities to build skills, social and human capital, and give young people a sense of purpose and ability to make a difference on the issues they care about – not least the environment and social justice.

Responding to the pace and scale of digital transformation and disruption of traditional industrial

footprints will require joint working with industry in order to respond to their future requirements to support **digital skills development** and job transition, particularly from other parts of the economy as further industrial transformation takes place.

Accelerating adaptation for recovery and future prosperity

We will help businesses respond to the dual challenges of EU exit and COVID-19, as well as to the long term challenges of the climate emergency and a more digitally connected world. Economic resilience demands a diverse range of firms. We will grow the base and size of indigenous local firms providing access to advice and support, through Business Wales and the Development Bank of Wales, to create jobs and enable them to adapt to the fourth industrial revolution. This will include how we support firms to engage with key clusters in driving forward current and future areas of digital innovation, opening up new opportunities for growing quality jobs less at risk of automation.

Because of the extreme challenges the visitor economy has faced from the outset of the pandemic, we will work with the tourism and hospitality sector to develop a Recovery Plan which support them in the short term with a view to building resilience, sustainability and profitability for the long-term.



Private sector housing scheme in Cardiff funded under the Welsh Government Innovative Housing Programme.

Economic Resilience Fund

We will build on the success of the Economic Resilience Fund (ERF) where the focus shifted between immediate financial support for recovery and support for development as circumstances demanded. We are supporting businesses to meet the dual challenges of COVID-19 and EU exit whilst also helping make them fit for the future.

We will place a particular focus on creating the right conditions to sustain, transition and grow the manufacturing base in Wales in a way which shifts from our fossil-fuelled past by pursuing the *Manufacturing Action Plan*.

The third phase of ERF will be a key enabler for this, making funding available to businesses to deal with the economic challenges of COVID-19, and acknowledging the additional challenge posed by EU exit. We also acknowledge the emotional and mental impact that COVID-19 has had, and the Fund will support adaption in business development including the provision of mental health training and skills support.

Rapid and agile funding through the Development Bank of Wales and advice from Business Wales will continue to support front-line Welsh businesses.

Circular economy

Wales is a global leader in recycling and recognised as a country that puts sustainability at its core. We recognise the economic opportunities which exist in adding value to and utilising recycled resources and the potential of improving supply chain resilience offered by adopting circular economy thinking in our approach to economic development.

It is imperative that responding to the climate and nature emergency is integrated across all economic activity, with an explicit commitment to moving to a more circular and resource efficient economy, and a transition to a low carbon economy framing our engagement and investments. The circular economy connects directly to our global responsibility as users of vast quantities of resources from overseas which contribute to deforestation and many forms of pollution and assorted environmental issues.

Engagement for formulating the next *Low Carbon Delivery Plan* will be a vehicle to both accelerate progress on industrial de-carbonisation and the circular economy strategy.

We have already invested a billion pounds into waste and recycling infrastructure and we will continue and expand funding for regional infrastructure across Wales to ensure that materials are supplied to meet business and citizen need. This will include

community infrastructure such as repair and reuse facilities and the capacity to reprocess and recycle more materials. This will work to retain the value of these materials here in Wales and create more resilient employment opportunities by better connecting the collection and processing of resources to the businesses and enterprises that need them.

Upgrading housing

The new Optimised Retrofit Programme, fitting energy efficiency measures in up to 1,000 homes, will tackle domestic carbon use and fuel poverty, energy efficiency behaviour change, drive new skills, training and innovation, and local supply chain capacity building. This investment will make towns and cities healthier *as well as* strengthening the foundations of the economy. It will also help us learn lessons, as we seek to address the much broader challenge of decarbonising millions of residential and commercial buildings across Wales.

We will invest in social housebuilding to deliver much needed affordable, quality housing and provide opportunities for our SME home builders. We will also boost our support for Small Home Builders to see more of our homes built by a diverse range of Welsh based home builders to promote

competition, innovation and choice for consumers. Alongside this we will invest and incentivise Modern Methods of Construction (MMC) & Off-Site Manufacturing (OSM) capability and supply chains to deliver high quality, energy efficient and low carbon homes, in particular the procurement strategy for social housing moving towards a higher proportion of factory built homes as set out in our Modern Methods of Construction Strategy for Social Housing.

We have established the Welsh Construction Forum, whose 12-point short-term action plan “Building Back a Better Wales” focussed on workflow and cash flow for construction businesses, supporting SMEs, growing the Foundational Economy and developing a low carbon future. It will give businesses in the sector confidence to continue to employ and train people, streamlining the process of bidding for public sector work and ensuring that the sector develops safe systems to deal with workplace social distancing.

Social enterprises and employee owned businesses in the well-being economy

We will apply more concerted and formal methods to encourage both social enterprise and employee owned business models for our well-being economy.

A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. Social, environmental, economic or cultural purpose is at the heart of what they do. They help build local economies, ensuring that wealth and resources are created and re-invested in local communities.

Social enterprises in Wales are an active part of the international movement, rebuilding a fairer, more inclusive and sustainable economy. In 2019, the Welsh social enterprise sector has already grown to more than 2,000 social enterprises employing 55,000 people and contributing over £3bn to the economy*. An important and dynamic component of the economy, they provide essential services, jobs, training and volunteering opportunities in local communities throughout Wales.

We intend to help rebuild, grow and strengthen the social enterprise sector so that it is a natural business model of choice for entrepreneurs delivering solutions to social, economic and environmental challenges.

* https://wales.coop/wp-content/uploads/2019/06/Mapping-the-Social-Business-Sector-in-Wales_Executive-Summary-BI-LINGUAL-DIGITAL-VERSION-JUNE-2019.pdf

Employee ownership is an equally important model in helping to build our well-being economy. Employee ownership is a proven and effective mechanism for reducing wealth inequality, driving employee engagement and tackling regional resilience. Employee owned businesses benefit from the alignment of interests created through everyone having a stake and a say. The “ownership dividend” yields tangibly stronger performance, better commercial resilience and more inclusion as benefits are shared and re-invested in local communities. As a result of their broad ownership structure, employee owned businesses are grounded in their community.

Access to finance

The Development Bank of Wales will play a vital role in supporting and encouraging this adaptation, actively managing funds to address the finance needs of businesses as they seek to grow and respond to COVID-19 and post Brexit opportunities and challenges. As a cornerstone economic development institution we will work with the Development Bank of Wales to maximise the contribution that it can make to the fulfilment of our economic policy objectives.

This activity will require the private sector to step up its funding, and the role for high street banks is critical in this. We will continue to engage with banks to encourage them to embrace forbearance and patience in their dealings with businesses in temporary distress, and to work with them to help shift their business models to align with our vision.

Positive innovation performance

Wales has a proud history of cutting-edge research and innovation and is a globally-engaged nation for its size. Research, development and innovation are critical to building a resilient economy and bringing forward those opportunities which deliver on our agenda for a prosperous, green and equal economy. Our 2019 policy paper *Protecting*

Research and Innovation after EU Exit highlighted the impressive impact and international reach that the Welsh research base has made since devolution; including the significant contribution it has made to growing Wales' innovation performance in Europe.

In July 2020 the UK Government's Research & Development (R&D) Roadmap set out an important and ambitious vision for a more research intensive, innovation-led economy with research and innovation as a driver for both COVID recovery and supporting the UK's withdrawal from the EU and ambitious commitment to carbon neutrality.

Harnessing Welsh excellence in research and innovation will include developing new technologies which will be important for accelerating economic recovery post COVID including opportunities to learn and work remotely, reduce the isolation of some Welsh communities, remove the need to live or travel to economic hubs, and create opportunities for areas of rural Wales to thrive, whilst more people live, work and learn from all corners of Wales.

Increasing Wales's R&D/ innovation base remains dependent on the UK Government delivering on the Shared Prosperity Fund and 'levelling-up' agenda. There must be greater and more equitable geographical distribution of R&D investment across

the UK. Ensuring that Wales has the future research and innovative capacity to win greater competitive funding to build a strong and sustainable science base will require devolution of a significant funding stream designed to grow their capacity across the whole R&D spectrum, targeting people, skills and essential infrastructure. This could provide investment to build new capabilities important to our future in the areas of cybersecurity, Artificial Intelligence (AI) and data science, and will require UK funding in order to bring our proposals forward.

Since 2014, the Welsh Government has invested over £500m of EU structural funds in research and innovation. This investment has made a major contribution to increasing the volume, quality and impact of research in Wales over the last 20 years. It is now imperative that the UK Government delivers on its promise that Wales will not be a penny worse off as a result of leaving the European Union

The UK Government's commitment to a significant increase in R&D investment over the next three years is a positive step, and we will argue for a fair and substantial devolution of this funding to Wales.

We will continue our financial support through SMART Cymru to develop, implement and commercialise new products, processes and services. This comprehensive approach provides

support from feasibility, through industrial research, experimental development and exploitation, varying the intervention rates according to the level of risk. This will be supplemented by our SMART Innovation advisory service for businesses looking to undertake RD&I, delivered pan-Wales by a team of highly experienced innovation specialists, research development managers, manufacturing and design specialists, commercialisation managers and intellectual property (IP) specialists.

For only modest investment the Small Business Research Initiative (SBRI) Catalyst and SBRI Accelerator Programmes have provided a mechanism for public sector organisations to procure innovation from businesses via a challenge, rather than a specification. We will continue to stimulate and nurture these relationships through the SBR.

Exports

Exports are important for a resilient economy, helping to offset domestic market downturn and resulting in more productive businesses. In recent years, export performance in Wales has been positive with the value of goods exported for the year ending 2019 reaching £17.7bn, an increase of 34% since 2015.

As a key part of our overall efforts to support economic recovery in Wales we will assist businesses to recover and rebuild their exports to adapt to and any associated new processes and trade agreements.

Support will be available to help companies of all sizes across Wales on the key steps on their export journey – from inspiring businesses to export; building capability; finding customers, and accessing overseas markets – with the overarching ambition of creating a strong, vibrant and sustainable exporting sector to help safeguard existing and create new jobs and opportunities for people in Wales.



Georgia Gascoyne, CEO and Managing Director of Huntingdon Fusion Techniques, Bury Port, Carmarthenshire. HFT has achieved significant international trade growth over the last five years, with exports now making up 80% of the firm's sales.

Manufacturing

Wales has a long proud history of manufacturing and it remains a significant contributor to the well-being of the citizens of Wales in terms of employment and wealth creation. We have many innovative companies in Wales and we are facilitating a partnership between industry, government, academia and trades unions to take action to future proof the sector.

Our Manufacturing Action Plan brings together a programme of work aimed specifically at this sector. We have to transition and support the 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. The Welsh Government, with its proud history of working closely with industry, academia and trade unions, will support manufacturing businesses and workers through this period of change, helping them embrace the future.





Magnetising investment in a green recovery

We will maximise the impact of future major investment as ‘magnet projects’ to attract investment for long term, sustainable gains, building on progress to date. These projects will embrace and exploit new and disruptive technologies such as Artificial Intelligence and language technologies, drawing employment, skills, innovation and development to Wales. This will include a strong emphasis on research and development, innovation, regional stimulus plans, clustering SMEs, skills, recognising that a ‘green recovery’ is not something to put in a single box, but rather something which must inform and drive action across the economy.



AMRC Cymru in Broughton, Flintshire. AMRC Cymru is a Welsh Government Magnet Project, established as a cutting edge R&D facility to provide an open innovation platform accessible to all manufacturers across Wales. The facility has received £2m investment from Welsh Government to establish the Sustainable Packaging Hub to develop technologies increase the current recycling rates of plastic bottles and mixed plastics. AMRC Cymru is also home to Airbus’ Wing of Tomorrow project to develop novel new automated assembly solutions and integrated digital technologies.

Attractors & Magnets

We already have a number of notable magnet or attractor projects, instigated and delivered by the Welsh Government, working in partnership across sectors and regions. As well as being standalone projects and sources of economic activity and R&D in their own right, they also serve as a catalyst for further activity and investment in the industries of tomorrow, from public and private sectors, attracting businesses to undertake some or all of their activity in Wales.

There are also important policy developments underway. Wales, like the other countries of the UK, will be introducing a new Deposit Return Scheme in the coming years and we will trial ground breaking digital technology here to examine whether better more resource efficient processes are possible using existing collection streams.

Centres of Research & Excellence

In North Wales, we will build on the success of the Advanced Manufacturing Research Centre (AMRC Cymru) by creating an Advanced Technology Research Centre in collaboration with the Ministry of Defence (MOD) to develop a vibrant technology and innovation cluster aligned to emerging technologies. In the south we will continue our efforts to establish

the Global Centre of Rail Excellence. We will also deliver a marine energy challenge and seek to become the global leader in research, development and deployment of Offshore Floating Wind.

A suitable site is currently being sought to host the UK Government's 20 year STEP fusion technology programme, and we will continue to work with local authorities across Wales to encourage submissions that are able to meet the specified criteria.

We will continue to create the conditions in which we can attract projects which will in turn attract businesses, leveraging funding set out by the UK Government through mechanisms such as the Industrial Strategy and R&D Roadmap. We will maximise the relationships with our social partners and trade bodies, utilising their channels to further amplify the voice of the Welsh economy at a UK level.

Inward Investment

Our approach to Foreign Direct Investment will continue to promote those areas of the economy where Wales demonstrates international class capability including cyber security, compound semiconductors, fintech, life sciences, renewable energy and in value added / next generation manufacturing. We will also place significant

emphasis on existing and emerging magnet initiatives and projects across Wales that provide business opportunities and attract investment for Wales' long-term gains and in areas of activity that drive an equal, green and prosperous recovery.

We will continue to promote Wales as a location for a UK gigafactory – a key component if the UK is to take a leading position in the manufacture of electric vehicles.

Creative

Through **Creative Wales** we will continue to invest in our creative industries, one of Wales' fastest-growing sectors which reinforces and builds our reputation for a vibrant culture and thriving Welsh language. All around the world, creative talent from Wales is making its mark. We are turning imagination into industry, providing rewarding careers and forging a new identity for our nation. Our initial focus will be on three key sub-sectors: film and TV, digital and gaming, and music. For each of these sectors, we will develop a comprehensive action plan with key stakeholders. We will seek to promote each sector internationally, providing opportunities for key companies to build their global profile.

Workforce development

As well as building our profile and reputation, creating attractive places with skilled workers draws in investment. We will maximise the potential of our investment in place-making schemes to attract and retain businesses. Strengthening regional collaboration provides the real opportunity to build meaningful relationships with business and the workforce, as well as exploit the potential of regional investment, such as City and Growth Deals, to deliver our agenda, as well as develop and deliver potential local and regional stimulus packages.

Green technology and industry

Wales has established targets for 70% of Wales electricity needs to be met by renewables by 2030, with over half of our electricity already coming from renewable sources. Such a target offers opportunities and assurance to industry to develop the solutions which will help us realise this ambition.

We have huge opportunities in green technology and energy generation, offshore renewable energy generation, innovation and exploitation. We will continue to address and remove barriers to create an enabling environment for renewable energy development and investment in Wales and develop marine renewables in a way consistent with priorities in Wales Marine Plan.

Community owned initiatives supporting nature, local environment, clean energy and sustainable food are providing multiple benefits contributing towards creating a well-being economy.

Hydrogen is a flexible fuel which will be important in our future low carbon economy. It has the potential to provide delivery solutions across power, heat and transport. We will work closely with the Welsh Hydrogen Reference Group to develop and exploit a Hydrogen Pathway for Wales highlighting current and future opportunities and understanding likely demand and supply across key sectors such as transport, industry and power.

We support the need to move away from petrol and diesel cars and will continue our work with the Welsh Automotive Forum to minimise the impact on the automotive supply chain in Wales and help those able to transition into the new supply chains demanded by low and zero carbon vehicles.



*L to R: David Kerr, with Jessica Hynes as Sofie Dahl, and Harry Tayler as Roald Dahl.
© Hartwood Films Photographer - Simon Ridgway.*



Fortifying the pursuit of social value

The Economic Contract

We will evolve, expand and strengthen the **Economic Contract** to fortify our pursuit of social value with businesses and organisations in receipt of public funding.

Further work will be undertaken with employers and trade unions to embrace and embed the values of the contract; fair work; low carbon with sustainable use of natural resources and climate resilience; promotion of well-being particularly mental health; and economic adaptability.

Fair Work and Workers' rights

We will deliver our priorities and ambitions for a fair work nation – using every lever we have to help realise fair work outcomes and improve our working lives for the better. We have made good progress in establishing the

Social Care Forum which is considering measures to improve working conditions in social care; the Health and Safety Forum which is bringing social partners, enforcement agencies and others together to improve Health and Safety outcomes; and we have recently launched a campaign alongside social partners which is targeted at providing workers and employers with the knowledge, tools and support to ensure employment rights are respected and given effect.

We will step up our work with social partners to champion the benefits of employers and Trade Unions working as partners in a spirit of collaboration, shared commitment and mutual respect to make the workplace a better place for all. Our support for fair work is not limited to social value and moral and ethical arguments – we see fair work as fundamental to a prosperous economy. This reflects the strong relationship between fair treatment of employees, their well-being and engagement with increased commitment, productivity, lower absenteeism, better recruitment and retention and other aspects of business performance.

Decent employers provide fair work and recognise the business benefits of doing so. We will continue to advocate the economic as well as ethical case for fair work.

Well-being at work

Our funded programmes, In-Work Support Project and Healthy Working Wales, will continue to deliver and develop targeted advice and support for working people and employers on issues affecting mental and physical well-being due to the pandemic crisis. We also recognise the significant and ongoing contribution of the Time to Change Wales campaign through the pandemic, helping people face difficult conversations about mental health and stigma in the workplace.

We will work with social partners in using their engagement with employers to strengthen the focus placed on job redesign and on developing resilience within our workforce. Ensuring advancements in digital technology deliver positive change in workplaces resulting in better skills and opportunities for progression. Our Wales Union Learning Fund will continue to provide the capacity for responding to the opportunities that come forward.

For some workers, having the opportunity to learn Welsh in the workplace provides both an added skill for progression as well as opening up new opportunities in other aspects of life to use and enjoy the Welsh language. The Working Welsh scheme we fund through the National Centre for Learning Welsh provides lessons that are free

to both the employer and employee. In response to the pandemic the Centre has expanded the online and blended learning elements of Working Welsh, making it more accessible and flexible for employees who may be working from home.

Supporting workplace mental health and well-being - Time to Change Wales



Time to Change Wales Pledged Employers Networking Event, October 2018

The unequal impact of the virus and the lockdown have put greater pressure on groups and communities, notably ethnic minority communities, disabled and young people whose mental health was already poorer and more precarious before the pandemic began. The combination of existing structural inequalities and the unequal impacts of the virus mean that people whose mental health was at greatest risk prior to COVID-19 are likely to bear the brunt of the emergency in the longer term as well.

Tackling mental health stigma will be one of the greatest challenges for supporting Wales' psychological recovery from the COVID-19, ensuring that ordinary citizens, workers and employers can get the help they need and deserve. Time to Change Wales (TTCW) has been delivering for Welsh Government since 2012, campaigning to end the stigma and discrimination faced by people with experience of mental health problems in Wales. They have been dynamically adjusting their service delivery model since the onset of the virus to aid the recovery, re-evaluating mental health needs across Wales and reprioritising their efforts in alignment with the aims of Welsh Government targeting those experiencing real social and economic deprivation. TTCW's recent insight survey (June 2020) into how mental health stigma in Wales during lockdown revealed that 54% of respondents said that self-stigma had got worse and 22% experienced stigma in the workplace.

TTCW already have significant experience of working with employers in Wales, with nearly 200

Welsh public and private employers signing the Time to Change Pledge and representing over 300,000 employees in Wales (nearly 1 in 4 of the Welsh workforce). Adapting to workers' needs, the programme has moved to deliver via digital platforms as well as establishing new relationships with other employer support programmes (In Work Support service, Healthy Working Wales). Their new Employer Toolkit and Employee Champion training are building capacity within organisations. During lockdown they have maintained momentum through online virtual best practice events and virtual Employee Champion training as well as capturing narratives from employers of what worked well in tackling stigma at work during a pandemic.

Job Recovery Scheme

Alongside the development of the successor to our Wales Infrastructure Investment Plan (WIIP), we will also refresh our annual project pipeline update, and continue with our commitment to share with the Welsh construction industry. These project pipeline updates will help the construction sector understand our future intentions, and assist with their own forward planning. This recognises the enormous contribution that Welsh Government and other public sector capital programmes make to the economy. As a government we are creating and sustaining work through, for example, hospital building, *21st Century Schools*, transport infrastructure, and many other activities. These updates will also be a useful exercise to review the extent to which this investment is retained in Wales and what more we can do to maximise its impact.

High Value Manufacturing

Embedding social value is central to the Manufacturing Action Plan's aim of transitioning to "high value activities" i.e by which we mean, manufacturing activities which have a positive impact on social, economic, environmental and cultural well-being of the citizens of Wales. Our Action Plan will drive embedding these outcomes in the work we do to future proof the sector.



Our Economic Resilience & Reconstruction Mission at a glance

Prosperous

- businesses compete with confidence
- strong indigenous businesses and inward investment
- exploit and commercialise new inventions, discoveries and innovations
- an entrepreneurial culture
- more start-ups, a vibrant SME sector and innovation driven enterprises
- open and competitive for inward investors from around the world
- new export opportunities in global markets

Green

- low carbon based economy
- circular economy: higher levels of circularity, innovation and resource efficiency

Stronger local and regional supply chains

Attractive places

Better integrated transport

Good quality, affordable housing

A Well-being Economy

Skilled workforce

Use the talents of all our people for longer

Equal

- a fair work nation
- people have decent and secure employment
- a fairer distribution of opportunities

Measuring Success

What we measure is an indication of what we value. The need for measuring output, outcomes, and evaluating impact remains necessary as part of the desire to improve performance, and is of interest to the media and the public in terms of holding government and organisations to account. The mission for economic reconstruction sets out a well-being economy as the purpose of economic development. 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.

Specific policies and programme will demand further layers of measures. For example, work is underway to develop outcome indicators mapped to each characteristic of Fair Work identified by the Fair Work Commission, which we intend to use for a variety of purposes, including the measurement of fair work outcomes over time and in helping inform the development and targeting of future policy.

Economic Reconstruction Metrics

Wales has **national indicators** to assess progress towards achieving Wales' well-being goals. Forty six national indicators were published in March 2016 and the number for the indicators below correspond to that list.

Environmental Well-being

- 04** Levels of nitrogen dioxide (NO₂) pollution in the air
- 12** Capacity (in MW) of renewable energy equipment installed
- 14** The Ecological Footprint of Wales
- 15** Amount of waste generated that is not recycled, per person
- 41** Emissions of greenhouse gases within Wales
- 43** Areas of healthy ecosystems in Wales

Economic Well-being

- 09** Gross Value Added (GVA) per hour worked (relative to UK average)
- 11** Percentage of businesses which are innovation-active
- 16** 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
- 17** Gender pay difference
- 22** Percentage of people in education, employment or training, measured for different age groups

Social and Well-being

- 08** Percentage of adults with qualifications at the different levels of the National Qualifications Framework
- 10** Gross Disposable Household Income per head
- 18** Percentage of people living in households in income poverty relative to the UK median: measured for children, working age and those of pension age
- 23** Percentage who feel able to influence decisions affecting their local area
- 29** Mean mental well-being score for people
- 33** Percentage of dwellings with adequate energy performance

A full description of the national indicators including their technical definition and information about their data sources and frequency can be found on the [Welsh Government website](#).