

**Senedd Cymru**

**Pwyllgor yr Economi, Masnach a Materion Gwledig**

**Ymchwiliad:** Yr Economi Sylfaenol

**Cyf:** FE07

**Ymateb gan:** Cyngor Sir Powys

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**Welsh Parliament**

**Economy, Trade, and Rural Affairs Committee**

**Inquiry:** The Foundational Economy

**Ref:** FE07

**Evidence from:** Powys County Council



## **Powys Council Response to WG Foundation Economy Consultation.**

***The Economy, Trade and Rural Affairs Committee would like to hear your views on***

***The Foundational Economy.***

### **Our inquiry**

The Committee would welcome your views on any, or all, of the issues covered in the terms of reference below:

- To what extent has the Welsh Government embedded support for the foundational economy into its overall approach to economic development? What further steps should it take to do this?
- Given the cross-portfolio nature of the foundational economy, how should the Welsh Government create a co-ordinated approach to mainstreaming support for foundational economy sectors across government?
- Which of the Welsh Government's foundational economy policy initiatives have been most successful, and why? Which have worked less well, and why?
- What examples of best practice exist in different foundational economy sectors and places within or beyond Wales? How could the Welsh Government better support partners to deliver best practice, and to scale it up where appropriate?
- What progress has been made in using procurement to strengthen the foundational economy since [our predecessor Committee looked at this issue in 2019](#)? What further actions are required to deliver greater progress, and what innovative examples of best practice could be built on?
- How effective have the Welsh Government's actions to deliver fair work in foundational economy sectors been? What further steps should it take within its devolved powers to progress this agenda, and how can it work with the UK Government to drive improvements in non-devolved areas?

**Powys Council's Response.**

Question	Response
<p>1. To what extent has the Welsh Government embedded support for the foundational economy into its overall approach to economic development? What further steps should it take to do this?</p>	<p>Through the skills agenda we have seen Welsh Government skills policy teams focusing on the foundation economy priorities, specifically related to digital, construction, food &amp; drink, and energy. There has not been as much focus on the health &amp; social care priority as we would have expected. This direction from WG has focused the skills work in the region to concentrate on these priority areas. It has also aligned the delivery of FE provision and training providers, foundational economy priorities being a priority for all providers.</p> <p>Transforming Towns supports foundation economy within Powys towns through shop frontage schemes, etc. Place Plans and Placemaking Plans.</p> <p>Improved skills and workforce development in areas such as hospitality, social care, education, need boosting with more investment in vocational education/training, apprenticeships, and training in foundational sectors, so they are more attractive.</p> <p>The disparity between the apprenticeship offer in Wales and England has seen a sizeable proportion of businesses and learners choose to work with providers across the border in Herefordshire and Shropshire.</p> <p>The growing popularity of T-Levels in England is also a draw for businesses in Mid-Wales.</p> <p>Standards across sectors, in particular hospitality and care need to be addressed to ensure equity in economic sustainability for individuals and families.</p> <p>The adoption of innovative technologies to help reduce carbon footprint for foundational businesses to help make them future proof.</p> <p>Tourism has been supported via the Welsh Government Brilliant Basics programme. However, there needs to be further consultation on the impact of the Visitor levy and the minimum night restrictions for accommodation owners.</p>

	<p>Support for manufacturing in Mid Wales is gaining momentum, with a strong focus on fostering innovation and sustainability. The region is actively investing in the development of new sectors such as energy and green skills, recognizing their potential to drive economic growth and create high-quality jobs. Initiatives include providing financial incentives for businesses to adopt green technologies, and promoting collaboration between industry, academia, and government. These efforts aim to position Mid Wales as a leader in sustainable manufacturing, ensuring long-term prosperity and environmental stewardship.</p> <p><b>Next Steps</b>  There does appear to be a gap in full time provision for energy type courses. This is something that our RSP aims to address.  There are also issues with the alignment of course qualifications and the requirement from industry.</p> <p>To further strengthen this work we feel there is a requirement to ensure alignment between the delivery of skills qualifications and industry requirements, establishing training programs to equip the workforce with essential skills.</p>
<p>2. Given the cross-portfolio nature of the foundational economy, how should the Welsh Government create a co-ordinated approach to mainstreaming support for foundational economy sectors across government?</p>	<p>Welsh Culture and Welsh Policies need to work together to support localised positive economic change.</p> <p>It would be helpful to see a clear strategic foundational economy document. This document clearly defining the sectors in the foundational economy and the objectives each sector is expected to meet.</p> <p>We would then expect to see these objectives in the work plans of each sector. Creating a clear and obvious golden thread throughout, with clear objectives and targets.</p>
<p>3. Which of the Welsh Government's foundational economy policy initiatives have</p>	<p>The Challenge Fund (2019) has had a major impact at local level for those 52 projects that were successful in securing part of the £4.5 million for the development and enhancement of local foundation sectors.</p>

<p>been most successful, and why? Which have worked less well, and why?</p>	<p>Digital, construction and energy have influenced the skills agenda in recent years. We have seen more structured training at various levels available. The Personal Learning Accounts have also developed in alignment with these policies. There appears to be a clear objective to improve skills that relate to the foundational economy, both part-time and full-time provision.</p> <p>The Welsh Government’s foundational economy policy initiatives have seen varying degrees of success in Mid Wales. One of the most successful initiatives has been the <b>Foundational Economy Challenge Fund</b>. Its implementation has been inconsistent across different regions and sectors.</p> <p>We have not seen as much progress in procurement, as Mid Wales economy is dominated by SME businesses, they are still finding it difficult to apply to frameworks and win contracts with government departments. The ability for SMEs to compete in procurements will help to shape the skills sector and grow businesses in the region.</p> <p>This has limited the initiative’s overall impact and highlights the need for better communication and support mechanisms to ensure broader participation and success.</p> <p>Would you like more details on any specific projects or sectors within these initiatives?</p>
<p>4. What examples of best practice exist in different foundational economy sectors and places within or beyond Wales? How could the Welsh Government better support partners to deliver best practice, and to scale it up where appropriate?</p>	<p>A good example is the Retrofit programme. This is a clear priority for WG and is being driven by policy teams. It is a good example of how it can use procurement to drive skills and jobs in the region that will also help the region meet its Net Zero targets for 2050.</p> <p>However, in Wales there appears to be issues with the development of qualifications and skills courses to meet retrofit requirements. There are well established retrofit academies in England who have established skills frameworks, however, in Wales we appear to be reluctant to adopt these.</p> <p>Skills providers in England who wish to develop these qualifications in Wales are reporting barriers in being able to do so. This is resulting in many Wales based businesses going to England for staff training. As a result, because Welsh based businesses are struggling to gain the skills required, English businesses are dominating the Retrofit sector in Mid Wales.</p>

	<p>WG to be more open and flexible to the use of best practice undertaken by other countries (Denmark, Sweden, Finland, Netherlands) to support advancement of economic change at local level.</p>
<p>5. What progress has been made in using procurement to strengthen the foundational economy since <a href="#">our predecessor Committee looked at this issue in 2019</a>? What further actions are required to deliver greater progress, and what innovative examples of best practice could be built on?</p>	<p>Welsh Government have been consistent in its messaging and focus for public sector procurement ensuring it aligns with the objectives of the Wellbeing of Future Generations act, the UN’s sustainable development goals, and consideration and embedding of the TOMs framework (Themes, Outcomes and Measures). However, it is fair to say that real world delivery varies in its quality and application with a level of uncertainty around technical practicalities and understanding of legislation, alongside policy gaps allowing for an inconsistent outcome which fails to support retention of local social value and as a consequence, improved growth for the foundational economy.</p> <p>It is hoped the new Procurement Act 2023 will see an improvement with greater benefits and outcomes retained in local communities due to an increased emphasis on award being aligned to social value and wider value for money rather than cost. This policy must be embedded consistently with clear guidance and processes provided by Welsh Government alongside wider funding and support. Greater clarity from Welsh Government will enable organisations and supply chains to have a clear mandate and certainty to prepare and deliver consistent outcomes across Wales. They key points of the policy if facilitated with support from Welsh Government should foster foundational economic growth and resilience but needs to consider regional differences, challenges, and opportunities to ensure variance in delivery and support as a blanket approach would likely lead to winners and losers.</p> <p><b>The Procurement Act 2023</b>, coming into full force on 28 October 2024, will significantly change the UK’s public procurement regime. Key changes impacting Social Value include:</p> <p>Shift to Most Advantageous Tender (MAT): Contracts will be awarded based on broader community benefits, such as local employment, carbon reduction, and local supply chains.</p>

	<p>Prioritizing Social Value: Public sector officers must prioritize social value from the start of the procurement cycle, including planning and market engagement.</p> <p>Publishing KPIs: Key Performance Indicators on contract commitments, including social value delivery, must be published.</p> <p>National Strategic Priorities: Procurement decisions will focus on job creation, supplier resilience, emission reductions, and innovation</p> <p>We feel Welsh Government should take a leading role in creating a consistent approach to social value through sustainable procurement in the public sector where spend is targeted in line with areas which are important to specific communities rather than a blanket un-coordinated approach. Clear non-technical policy and processes would help facilitate improved action building community resilience and prosperity aligned to local needs ultimately benefiting the foundational economy as a consequence.</p> <p>Welsh Government should facilitate an increased emphasis and conversation for the public sector to drive collaborative approaches and collective sustainable procurement across the public sector, this would seek to maximise social value from procurement of goods and services from public spend.</p> <p>Devolution could help if local authorities were relevant empowered to giving more control over planning, land use and housing to enable more grassroots development</p> <p>Through conversation with businesses, we have not received reports of a significant improvement in procurement practices, the aspiration of the predecessor committee does not appear to have made significant changes that support SME businesses.</p> <p>The RSP have talked to many SME businesses who are reporting that they find it difficult to access government and LA frameworks. Issues that are being reported are:</p> <ul style="list-style-type: none"><li>• Not enough resources, too bureaucratic;</li><li>• Thresholds are too high;</li><li>• Frameworks are set up for larger companies.</li></ul>
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	<p>As a result, we are seeing more and more contracts going to businesses who are not based in Mid Wales and workers coming in from outside of Wales.</p>
<p>6. How effective have the Welsh Government's actions to deliver fair work in foundational economy sectors been? What further steps should it take within its devolved powers to progress this agenda, and how can it work with the UK Government to drive improvements in non-devolved areas?</p>	<p>More coordination less bureaucracy between national and local government. Less confrontation and duplication.</p> <p>Encouraging Businesses that receive public funds to adopt real living wage and higher employment standards and practices.</p> <p>Develop policies that support higher standards, building more on the social partnership models. The Welsh way! Social Partnership – it's the 'Welsh Way,' and it works! – Sarah Murphy   GOV.WALES</p> <p>Increase investment in quality vocational training and apprenticeships that meet the needs of employers.</p> <p>Work with local higher education sectors to ensure training is tailored to local need and of industry standard.</p>