

Senedd Cymru

Pwyllgor yr Economi, Masnach a Materion Gwledig

Ymchwiliad: Yr Economi Sylfaenol

Cyf: FE08

Ymateb gan: Dr Gary Walpole, Prifysgol Metropolitan Caerdydd

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Welsh Parliament

Economy, Trade, and Rural Affairs Committee

Inquiry: The Foundational Economy

Ref: FE08

Evidence from: Dr Gary Walpole, Cardiff Metropolitan University



The Foundational Economy consultation, Sept 2024, GLRW

- 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?

I don't have extensive knowledge of the operational support that each of the Welsh Government departments offer in terms of foundational economy. However, I am encouraged by the increase of the understanding of the term within Welsh Government narrative and pleased to see support for foundational economy initiatives from Welsh Government and Health boards. The incorporation of the aims of Foundational Economy principles within the Future Generation Commissioners activity is also encouraging. However, I believe a clear and consistent use of a definition of foundational economy would help Welsh government and public service practitioners operationalise the concept. I'd suggest there is currently ambiguity around the term. Practitioners are also struggling to operationalise the term as there are competing theories/models they have to fit into their sensemaking (Foundation Economy, Welsh Future Generations, Social Value, Circular Economy). The empirical [FE Scoping Study](#) (Walpole et al, 2023) outlined the issues practitioners within public services are facing to embed FE. Once public service practitioners fully understand FE they can more easily incorporate into economic development policies.

<https://www.gov.wales/new-foundational-economy-academy-wales-scoping-and-feasibility-study>

In terms of further steps, a more integrated approach with FE, HE and anchor institutions are likely to deliver more impact, based on evidence from the Preston Model. A [triple helix approach](#) that leverages contemporary theory and pedagogies can develop businesses and third sector organisations within communities of practice to collaborate to develop organisational productivity and that of regions. The value of [Programme Communities of Practice](#) to develop organisations and the region has been established (Walpole et al, 2022) and can form part of a national development strategy as outlined by [Clifton et al, 2024](#).

- 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?

Adopting a crosscutting themes approach might well support the mainstreaming of foundational economy. A small number of indicators (KPIs) should be used from the WFGA (2016) national indicators, to avoid recreating the wheel and confusing practitioners further. A more robust approach to evaluation of initiatives and interventions should be implemented and reviewed annually to determine 'what works' so that support can go to the interventions that deliver most impact and progress as measured by the chosen indicators. The chosen indicators could be presented within an 'FE dashboard' that enable progress to be measured. I personally think that all sectors that contribute to the well-being economy should be

considered as foundational economy, organisations that are anchored within Wales should receive equal support.

- Which of the Welsh Government's foundational economy policy initiatives have been most successful, and why? Which have worked less well, and why?

I am familiar with the Backing Local Firms local firms fund and the previous version that I forget the name of. The Backing Local Firms fund has supported organisations across Wales to deliver foundational economy outcomes and facilitated a community of practice to share knowledge amongst the funded projects. The development of case studies and external evaluation reports of each of the funded projects would enable the Welsh government to more easily evaluate the success of this policy. I'd suggest applications for funding to deliver foundational economy aims could form part of an evaluation framework that asks all projects to report against their outputs and outcomes as stated within the application process. The publication of case studies that detail the achieved outputs and outcomes would enable Welsh Government to more clearly evaluate interventions. The case studies (evaluations) could be used to encourage other organisations to adopt FE practices and better understand FE as their initiatives. An example of a successful BLFF funded project, authored by Prof Danny Saunders, can be viewed here:

[https://figshare.cardiffmet.ac.uk/articles/online_resource/The Foundational Economy Innovation Network - Independent Evaluation June 2024 /26076550?file=47547101](https://figshare.cardiffmet.ac.uk/articles/online_resource/The_Foundational_Economy_Innovation_Network_-_Independent_Evaluation_June_2024_/26076550?file=47547101)

Enhancing engagement with universities, anchor institutions within their regions, to develop a clearer picture of the success of different policy initiatives and interventions should help evaluate and celebrate successful policy initiatives. The precursor to the BLFF should be commended and yet it could be better celebrated if more case studies of the funded projects were available in the public domain. It's not easy to evaluate full impact of initiatives and interventions within a short time frames and so funds should be set aside to evaluate impact a year and two years after activity commences and finishes.

- 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?

[The Foundational Economy Innovation Network](#) (see above link) Supported indigenous businesses and third sector organisations to understand both foundational and circular economy principles so that they can implement within their organisations. The programme community of practice developed their innovation skills so that they could implement FE and CE principles. The impact of the programme on participants is articulated by eleven of the participants that were happy to be filmed talking about their experience, for [short video case studies](#).

The [Developing a Shared Narrative report](#) outlines a series of workshops that supported practitioners in public service organisations to develop understanding of foundational economy principles and implement within their working practices. This low-cost intervention enabled practitioners to develop a shared understanding of foundational economy principles with peers, recognise where FE principles are currently being

applied and develop plans to apply FE principles within their processes and practices. The first challenge to supporting implementation of any concept is developing understanding operational understanding of that concept. Operationalisation of a team of a concept is more likely if practitioners can develop understanding with peers and learn with peers as it situates learning within their practice and gives them confidence to apply. Developing [short impact videos](#) that demonstrate the value and impact of interventions is a useful way of engaging other practitioners with concepts and supporting implementation.

Go to feed the above interventions are informed by contemporary social learning theory and experiential learning methodology. These contemporary pedagogical approaches are key to developing practitioners understanding of concepts and ability to implement within their organisations.

Furthermore, the application of social learning theory ensures a peer-based Learning approach which gives participants confidence to implement concepts. It also forms strong inter-organisational working relationships that facilitate open innovation ([Clifton et al, 2024](#)). This secondary benefit of social learning pedagogical approaches should not be underestimated as it can enhance regional inter-organisation knowledge sharing which in turn enhances productivity, contributing to the development of a foundational economy ([Walpole et al, 2024](#) and [De Laurentis, et al 2024](#)).

- 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?

Progress has been made, although a great weighting for foundational economy, social value and circular economy within procurement assessment criteria would lead to organisations adopting more foundational economy principles and practices that facilitate the achievement of the Welsh future generations act indicators.

- 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?