

The Foundational Economy in Wales

Pilots and Practice in Wales

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Foundational Economy

- This presentation looks at:
- Background – FSB and Manchester connection
- Foundational Economy, Welsh Government and the parties
- Pilots and Practice
- What we've learned (what we haven't), and Covid context
- What's Next



Policy Background

- 2014: FSB worked with Manchester University Centre for Research on Economic Socio-Cultural Change (CRESC)
- Key texts:
- ‘What Wales Could Be’ (FSB/CRESC: 2015)
- ‘What Wales Can Do’ (CREW: 2017)
- ‘Foundational Economy: the infrastructure of everyday life’ (MUP: 2018)
- ‘Wales’ Missing Middle’ (FSB: 2017)
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Policy Background

Analysis of Welsh Economy and Foundational aspects:

- Post industrial, dependency on micro business
 - 'Missing Middle' and SMEs
 - Procurement and Community Wealth
 - Areas of everyday life largely overlooked (care, wider services, food)



Government Policy

Significant strides have been made to create a unique agenda to Wales around the Foundational Economy.

The foundational economy in the Economic Action Plan Welsh Government under Welsh Labour (+) after 2016 election:

1)The Foundational Economy Challenge Fund

2)Centre for Local Economic Strategies & Procurement with PSBs

3)Building the Missing Middle

- These three areas of focus a welcome first attempt in an area that does not have an already established menu of options.
- Significant learning will come from this for future agenda



Government Policy

The Foundational Economy Challenge Fund

- This experimental fund invited proposals for pilots in foundational sectors with a value up to £100,000.
- 52 have been awarded across diverse sectors such as social care, procurement and housing
- A Community of practice has been formed to analyse and share learning.



Government Policy

CLES + Procurement with Public Sector Boards

- Centre for Local Economic Strategies (CLES) has been brought in to provide support for four PSBs
- help them act as 'change makers' and influence public procurement to help retain wealth locally.



Government Policy

Building the Missing Middle

A shift in emphasis towards developing the cohort of medium-sized firms in Wales.

This has focused on the redesign of the Business Wales contract for 2021.



The Valleys Taskforce

Valleys Taskforce was set up by Welsh Government to address the long standing issues facing the south Wales valleys.

Understanding the valleys:

- 800,000 people roughly 30 per cent of Wales' population
- Well known challenges: lower qualification levels, low average earnings, challenging typography, poor housing stock, a lack of land for development and lower productivity
- However, valleys are not homogenous and we must change the record and challenge the stereotype
- More commuting to Swansea/Cardiff alone cannot solve challenges



The Valleys Taskforce

The Valleys Taskforce has been active during the life of this Senedd term and **will end March 2021** in its current format.

The programme has been arranged around 7 priorities. These are as follows:

- Strategic hubs and A465
- Foundational Economy
- Entrepreneurship and business support
- Housing
- Valleys taskforce innovation fund
- Transport
- Valleys Regional Park.



The Valleys Task Force

The Foundational Economy theme has had three main pillars. These are:

Challenge Fund

- 27 projects leading experiments in diverse areas and localities, such as social care, procurement construction and many other things.

Procurement

- Build a greater understanding of procurement spend across valleys
- Two pilots with Public Service Boards to bring together commissioners and help increase their local procurement spend

Grounded Firms

- Anchor Business Wales activity on new business model in valleys
- Work with LA economic development teams on the approach
- Carry out a pilot with Aneurin Bevan Health Board supporting local businesses to access supply chain opportunities



Covid-19 impact

- Obviously impacted on pilots – these pilots have been given further time for proof of concept as needed
- Extra £3m in draft budget.
- Things such as the food we eat, the nurseries we send our children to and the pipes that carry water to our homes are all parts of the foundational economy.
- The economic crisis caused by the Coronavirus has put this in stark terms – whilst many businesses have been closed, those that we rely on for our day-to-day lives have stayed open.
- What we value = economic value?



What next for the Taskforce?

- As the programme comes to an end, the taskforce is preparing a lessons learned and future opportunities document.
- informs the next phase of the conversation on regenerating the Valleys.
- Questions are:
 - Has the foundational economy approach been the right one, and should it continue in the future?
 - What are the practical challenges facing projects such as yours that we can learn from?
 - What opportunities are there for scaling up activity that has already been undertaken? (Are there some things that we no longer need to pursue?)



What next – Welsh Government

- February 2021: Economic Resilience and Reconstruction Mission
- Foundational Economy placed front and centre in the plan.
- However, the role of FE will depend on May election, and next Welsh Government and programme for Government
- Awaiting plans – FE with central role in Labour Government plan, and Plaid Cymru plan
- Labour, Plaid Cymru and Conservative members party consensus ‘to further embracing the principles of the foundational economy’



What next – FSB Foundational Economy 2.0

- Some Questions on putting into the bricks of policy (Economic Development Bill)
- Have called for Foundational Economy lens - This lens is not sector specific, applied to any public policy challenge or sector, help shift to more diverse and locally anchored economies.
- Areas of focus
 - ***Diverse local economies***
 - ***Procurement that encourages diversity***
 - ***Building the capacity of small firms***
 - ***Rewiring public sector funding models***
 - ***Larger businesses to support SMEs***



What next

- How do we use
 - Learning from pilots and taskforce
 - Place Social value in appropriate place in future (Economic Development Bill / Well Being and Future Generations Act)
 - Build on Business Wales and links made through business Covid support – new capacities, capabilities
- Next Programme for Government...

DIOLCH YN FAWR / THANK YOU



Questions / Comments?