

Welsh Assembly Government

Consultation Document

Economic Renewal Programme – Tell Us more

Interested organisations and individuals are invited to contribute to the development of the Economic Renewal Programme

Date of issue: **16th February 2010**
Responses by: **11th May 2010**

Overview The Economic Renewal Programme aims to establish a renewed approach to economic development in Wales that is better able to meet the needs of businesses, will encourage a stronger and more sustainable economy and increase the prosperity and long-term wellbeing of the people of Wales.

How to respond Complete the attached form and email or post it back to the Economic Renewal Programme. You are welcome to answer some or all of the questions.

Further information and related documents Further information on the Economic Renewal Programme including Terms of Reference is available at www.wales.gov.uk/economicrenewal

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In addition, if you have difficulties accessing the consultation document or completing your response, please call 029 2036 8439 to discuss your requirements.

Data Protection The Welsh Assembly Government is the data controller for all personal data relating to your consultation response. The Welsh Assembly Government intends to publish a summary of the responses to this document and where practicable, the responses. Normally, the name and address (or part of the address) of its author are published along with the response, as this gives credibility to the consultation exercise. If you do not wish to be identified as the author of your response, please tick the box concerning confidentiality at the end of the form.

The Welsh Assembly Government will share consultation responses with officials across the Department to inform the preparation of all future consultations.

The Foreword

The Economic Renewal Programme is a major review of the approach to economic development in Wales and how we can position our economy for the future. The global recession has created far reaching and fundamental changes in the financial and economic environment and reinforced and deepened many of the existing long term challenges.

Through the Economic Renewal Programme we will aim to place Wales in a better position to face those long-term challenges. Economic renewal will require all of us to work together. We can only make lasting change by getting the input from others and this is a vital part of our agenda. I want to gauge opinion and get responses from as wide a range of people as possible. For these reasons, the Programme is being developed using a highly participative approach. Alongside this call for your contribution are a number of other elements to our engagement which include:-

- The 'Tell Us' campaign - an initial online engagement which allows people to have their say on the approach to economic development. Through accessing an online form www.wales.gov.uk/economicrenewal respondents have been providing their views and opinions.
- Roundtable events - businesses and other key stakeholders are feeding in their views to a number of roundtable discussions across Wales.
- And now this more in-depth consultation for you to 'Tell Us More' on a series of issues which build upon the initial feedback we have received.

All of this input will contribute to a new strategic direction for economic development.

Now is precisely the right time to look afresh at how we approach economic development so that we are equipped for the domestic and international marketplace that emerges from recession. Many Governments across the world are re-assessing their approach and we need to be at the forefront of this in renewing our own approach to ensure we are fit for purpose in facing the challenges and opportunities that lie ahead.

We all have a stake in and a part to play in creating the future economy. In keeping with our commitment to sustainable development, there are a range of social and environmental issues that will also need to be included in our thinking.

So, if you have given us your views through the initial 'Tell Us' campaign, thank you. We will be including them in our review. If however, you would like to tell us more or contribute for the first time, then I encourage you to do so through this consultation and help shape the way forward.

Ieuan Wyn Jones
Gweinidog dros yr Economi a Thrafnidiaeth
Minister for the Economy and Transport

Key issues

1. Analysis of the current Welsh economy

The global recession has changed the international and domestic marketplace for businesses in Wales. The Economic Renewal Programme is a major review of the approach to economic development in Wales and how we can prepare for the economy of the future.

Q1: What do you think will be the key characteristics of the post-recession economy and do these present any special challenges for Wales?

Characteristics

Any prediction for the economy of the future must contain some overriding characteristics:

- the speed of development of Information and Communications Technology;
- the impact this is already having on how women and men run their lives, as consumers, workers, investors, entrepreneurs and citizens;
- the increasing globalisation of markets, bringing opportunity and at the same time, increased competition;
- access to finance remaining tight for a considerable time to come;
- a continued focus on carbon reduction; and
- an ageing workforce.

In the following paragraphs, Chwarae Teg sets out some of the key considerations which must be built into the Renewal programme.

Flexible Working and Work-Life Balance: Global events affecting local economies

Before the recession hit, employers were slowly beginning to recognise the benefits which flexible working, combined with the effective use of ICT, could bring to their business. The economic turbulence and subsequent impacts in 2009/10 have moved this process on more rapidly. The recession, adverse weather conditions and the Icelandic volcano have all played a part in promoting flexible and remote working.

During the recession, many employers stopped taking on staff and started buying in skills as required. Even now the economy is picking up, businesses appear to be moving towards a culture of hiring freelancers to fill the gaps. As a result of this shift, Chwarae Teg believes that, in the future, workforces will be more fluid, with smaller teams and more freelance opportunities. A series of natural events over recent months have also shown that, with the right

systems, many jobs can be carried out remotely.

Wales must develop a robust information highway that will encourage more employers to facilitate remote working in the future. There are real opportunities now to review traditional working practices and develop innovative systems to meet both the needs of businesses whilst enabling employees to reconcile work and private life.

Changing demographics

Workers from 'Generation Y'¹ are driving forward changes in work culture and ethical awareness. This generation values work-life balance, flexible working and business ethics. Many from this generation reject the long-hours culture, valuing both work and family life. At the same time, Wales has an ageing population, many of whom need to work beyond the current statutory retirement age. Flexible working, policy and practice, can provide solutions to retaining skills and cascading knowledge for the employer whilst maintaining continued economic activity and less dependency on public purse for the individual.

Flexicurity

Chwarae Teg, promoting the role of women in the economy in Wales, fully supports flexible working as a means to maximising skills and tackling under-employment. We promote flexible working as a primary factor in enabling the skills of women to be fully utilised, both in enabling access to work and career progression.

Flexible working can be used to enhance a business's availability to its customers and we have worked with a number of businesses to achieve this. However, we see signs that employers will start to use it as a means to increase pressure on employees to work more hours, by blurring the lines between work and home. Employers will ask staff to take on more responsibility, sharing out the workload of the staff they decide not to replace. During a time of economic constraint, some move in this direction is, perhaps, inevitable. However, the key to a successful economy is the creation of jobs which are sustainable, promote the individual's well-being and enable progression. Good working models and practices are essential.

Balancing the needs of businesses for more flexible employment contracts and the needs of employees accessing flexible working with job security should be a driver for competitive advantage post recession. The post-recession economy and longer term planning in Wales should embed the principles of **flexicurity** to support the changing patterns of work.

Europe defines flexicurity as an integrated approach including four components:

- more flexible and secure contractual arrangements, from the point of view of both employer and worker;
- lifelong learning strategies in order to ensure workers' ongoing capacity to adapt, and increase their employability;

¹ Those born between 1976 and 1994

- effective active labour market policies in order to facilitate transitions to new jobs;
- modern social security systems providing adequate income support during transitions.²

Infrastructure

Environmental issues and technology will be drivers for change in the future economy. As pressure mounts to cut CO₂ emissions and ICT becomes more advanced, we believe there will be an increase in working remotely or differently. Employers must be encouraged to review their Corporate Social Responsibility and adopt the Welsh Assembly Government's One Wales: One Planet strategy. This will build a resilient and sustainable economy, supporting low waste and low carbon. This will also manage, sometimes limited resources, through a range of initiatives, including reducing travel to work journeys, turning to new methods of communication such as Voice Over Internet Protocol (VOiP) and video conferencing. In essence, employers must think and work differently.

A major challenge for Wales is the digital divide:

“Broadband internet is changing the economy and society in ways that were unthought-of a decade ago. From being the province of the few interested in IT, it has become a near necessity for a substantial proportion of the population. Goods and services are increasingly delivered via broadband, including everything from grocery shopping to music and TV programmes to claiming Job-Seeker's Allowance and applying for jobs.”³

If Wales is to achieve a strong, competitive, global economy, then high-speed broadband and new technologies must be available to all of Wales, not just urban conurbations. Wales should develop stronger collaborations within certain sectors and geographic areas to benefit from economies of scale.

Education and Skills – the demographic imperative

Across many industry sectors in the UK, there are high numbers of skilled workers due to retire in the next 10-20 years. This means that we run the risk of a major skills deficit that we need to address as quickly as possible. *Wales: A Vibrant Economy* and *One Wales* outline a commitment to providing work-based learning for young women and men in the priority areas identified. The Sector Priorities Fund will help to ensure that Wales achieves this and should be a priority for longer term investment. There is an opportunity here to make sure that girls and women are encouraged to take up apprenticeships in non-traditional occupations through the setting of Group Training Associations (GTA).⁴ There is growing pressure on all employers to encourage diversity in

²http://europa.eu/legislation_summaries/employment_and_social_policy/community_employment_policies/c10159_en.htm

³ The Bevan Foundation (2009) *Digital Wales, Divided Wales*

⁴ Group Training Association (GTA), not for profit organisation providing support on accessing and managing training for a group of employers to encourage their involvement in Apprenticeships (TUC Policy Briefing, 2010)

⁵ Welsh Assembly Government, Learning Pathways 14-19

⁶ <http://news.bbc.co.uk/1/hi/education/8205539.stm>

⁷ This figure is for the period 2000-2015

their organisations. Across the UK, many of the growth sectors are male-dominated. In Wales, 50% of the predicted areas of growth are traditionally male and the rest are typically low-paid. There needs to be more work with young women to challenge stereotypes, raise aspirations, create opportunities to explore gendered industries through Learning Pathways:

Learning Pathways 14-19 sets out a distinct approach being taken to develop 14-19 provision. This will transform the way young people are educated in schools in Wales. It is based on the fundamental principle that our young people should be given every opportunity to realise their potential and leave school better prepared for life and work.⁵

The Learning Pathways will ensure that young people's skills can be fully utilised to support Wales' 'vibrant economy'. Chwarae Teg believes that informed careers education and guidance is vital in encouraging women into better paid sectors. At present, girls are outperforming boys in school but are still not entering the better paid industries. This is a major under-use of talent and education. Teachers, educators and advisers need some specific knowledge to ensure that they are in a position to provide good advice on subject and career choice, including knowledge of:

- fundamental employability requirements;
- future growth trends and skill requirements;
- how to challenge gender and socio-economic stereotyping and occupational segregation.

A good level of industry awareness and an understanding of the needs of employers is fundamental to the effectiveness of those providing guidance to young people and is essential if we are to encourage and steer young people into work that will provide economic independence and prosperity in the future.

Finance

Access to Finance will be an issue for all businesses for the foreseeable future. It is well known that women already have difficulty securing business finance and yet, enterprise is a significant route for women from economic inactivity to work. Without start-up capital, the number of new and nascent female entrepreneurs could decrease significantly. Chwarae Teg's own research into women accessing business finance found that lack of collateral, poor credit history and under-capitalisation of new ventures has a significant impact on start-up and growth. Sustainable development – economic, social and environmental - should be embedded in all business support programmes.

In addition, young people may be less inclined to start a business due to the high amount of debt they take on to support their studies. According to a BBC news article published in August 2009, 1st year undergraduates can expect to leave university owing £23,000.⁶ It is likely that the weight of this financial responsibility will reduce creativity and enterprise, whilst jeopardising long-term economic growth.

Social Enterprise

Chwarae Teg believes that we shall see an increase in social enterprise as communities become the focus of economic renewal. *The Social Enterprise Action Plan for Wales* (2009) focuses on raising awareness and increasing the number of successful enterprises. Estimates suggest that there are 62,000 social enterprises in the UK, contributing £24 billion to UK output. In Wales, 3,056 organisations are identified as conducting social enterprise activity with a turnover of approximately £2.2 billion (2.6% GDP). The action plan shows how social enterprise can contribute to many of the Welsh Assembly Government's strategic action areas and the *One Wales* agenda overall.

Currently, almost one in four young people under the age of 24 is economically inactive. This is untenable if Wales is to replenish the skills deficit anticipated and create future prosperity. Enterprise, especially social enterprise, should be built into all training programmes as one mechanism to build social capacity and create employment opportunities. Access to financial support in the form of "patient capital" (see Question 9) and soft loans should be a priority for this cohort in post-recession Wales.

Challenges for Wales

The special challenges for Wales relate to the nature of the business community, together with some key infrastructure shortfalls.

The business community

The private sector in Wales includes a high number of SMEs and also relies on the significant contribution made by large companies, many of which are inward investors with headquarters outside Wales. Encouragement and support for both these subdivisions is vital and the challenge for the Welsh Assembly Government in holding effective dialogue with the decision makers in companies headquartered elsewhere is one which must be met. Embedding these companies and especially their supply chains in the community is crucial.

At the same time, the public sector will have a vital role to play. Public sector spend, used wisely, has a multiplier effect across Wales and the critical success factor will be to maximise this as spending cuts are enforced.

The fundamental challenge for Wales' economy is the creation of good sustainable jobs, the growth of the private sector and making the best use of the power of the public sector. These are all critical factors in job creation.

Technology

Technology presents a great challenge for Wales with many households and businesses still unable to access broadband. Access to high-speed

broadband is vital for the Welsh economy. Research estimates that this service in Wales is worth £1,388 million to the economy.⁷ Women still take the majority of the responsibility for early years childcare and on their return to work are particularly disadvantaged by poor broadband services, which prevent them from accessing recruitment opportunities through the internet and also from working from home. With a rise in online recruitment processes and freelance contracts, broadband for everyone in Wales is imperative.

Transport

Finally, a lack of good transport links puts Wales at a disadvantage. There is an urgent need for links from North to South Wales and faster, more efficient links from East to West Wales. As women are the primary users of public transport, regular, reliable and affordable links are particularly important for this group.

The importance of good public transport and ICT to Wales' ability to reduce carbon emissions underpins the need to address these challenges.

Q2: How should economic progress be measured? Are Gross Value Added (GVA) per head, Gross Household Disposable Income (GDHI) and other common measures of prosperity the best way to indicate progress? Should we focus on productivity measures like GVA per worker or per hour worked? If not, what measures should be used?

For economic progress, and in line with traditional measurement and reporting, Gross Value Added (GVA) would be acceptable. However, if Wales is to become more progressive, this review of Economic Renewal provides the opportunity to measure:

- Social progress – households moving out of low income
- Environmental progress in line with our Climate Change Strategy and One Wales: One Planet
- Health & Well Being – improving the overall situation in Wales. Reducing economic incapacity through innovative work practices, reducing absenteeism rates in Wales – especially in public sector, and all the indicators currently available to Wales statisticians

Chwarae Teg believes that whichever mechanism is appropriate to truly reflect the economic situation it must be the right one or a combination of key indicators. However, for those working in the public or service sector, quantifying productivity measures may prove challenging.

Ultimately, a key indicator of a healthy economy is employment. All families need to have at least one person in work and, for many families, the difference between being in poverty and not is the second income. When considering the importance of women's contribution to the economy, consideration must be given to the fact that under current economic and social conditions this income is often the woman's.

2. Vision for the future Welsh economy

The aim of the Economic Renewal Programme is to develop a renewed approach to economic development in Wales that: will encourage a stronger and more sustainable economy; meet the challenges of climate change; and increase the prosperity and long-term well being of the people of Wales.

Q3: Taking a 10-15 year timescale, what is your vision for a successful Welsh economy?

Using the all the available talent – women’s participation

Chwarae Teg’s vision for a successful Welsh economy is for all women to play their part. We will see women making the best use of their abilities and contributing fully to the future prosperity of Wales. In fact, our vision would be employment for all individuals that are willing and able to work.

In this economy, employers will use flexible and innovative working practices, maximising new technology and providing jobs which are:

- sustainable;
- promote individual well-being; and
- enable progression.

Embedded in this will be the reconciliation of work and private life for women and men. Gender will no longer play any part in limiting an individual’s opportunity to engage in employment or enterprise and achieve financial independence.

We hope that in 10-15 years time, employers, education and businesses will be using technology to facilitate more flexible and remote working or life-long learning and continuing professional development. This will allow women and men to fully utilise their skills whilst still meeting their caring responsibilities.

Leading Europe in gender equality

Chwarae Teg would like to see the adoption of the priority areas for political action, as identified in *The Roadmap for Equality between Women and Men (2006 – 2010)* and follow up strategy.⁸

- *Achieving equal economic independence for women and men*
- *Reconciling work with private and family life*
- *Promoting equal participation of women and men in decision-making*
- *Eradicating all forms of gender-based violence*
- *Eliminating sexist stereotypes*
- *Promoting gender equality in external and development policies*⁹

⁸ European Economic and Social Committee, Draft Opinion: “The roadmap for equality between women and men (2006 – 2010) and follow up strategy (SOC/350), February 2010

A stable democracy and a strong financial and business environment

In our vision, Wales will benefit from its inclusion in a stable democracy, with a firm financial and business environment. Wales will celebrate its knowledge-based economy by greater collaboration and interaction between academia, government and business, particularly in knowledge exchange, commercialisation and intellectual property.

It will have a strong private sector, getting the best out of inward investment and embedding these companies into its communities, creating strong supply chains which bring out the best in the SME community. Collaboration between large and small firms and social enterprises will be the norm, at the heart of vibrant communities in both rural and urban Wales.

The public sector will provide the very best infrastructure to support this, using its funding to the very best effect.

Infrastructure

All households and businesses will have access to broadband and all areas will be linked by good public transport services. Individuals and employers will also be more environmentally aware, having already taken steps to reduce waste and carbon emissions.

Underpinning economic activity will be a comprehensive, high quality childcare infrastructure, enabling women and men to work while supporting the needs of children.

Education and Skills

Action will have been taken so that young people who are currently out of work will not lose the opportunity to develop or improve their skills and in 10-15 years time will be reaching peak productivity in employment or enterprise. Figures show that nearly 1 million 16-24 year olds are out of work. If this cohort is not supported soon, it will have a detrimental affect on our economy later. These young people *are* the economic future.

Tourism

Wales will celebrate its strength as a tourist destination and will be proud that this sector is a major part of this economy, recognising the rest of the UK as well as overseas countries as a major source of tourist revenue. Tourism is worth £3 billion to the Welsh economy. More than 11 million people visit Wales each year, 10 million of whom come from within the UK. Tourism accounts for 3.7% of GVA. The sector employs 100,000 people in Wales (9% of the whole economy). Women account for 60% of the workforce and in our vision, the skills and competencies to support this industry will be given higher status.

To compete in the global market place, Wales will have taken steps to exploit its geographic, cultural and linguistic identity. Improved transport infrastructure, including public transport and rail links will have been radically

⁹ Ibid.

improved as the key to attracting a more discerning and environmentally aware visitor.

Sustainable and green

Wales will market itself both domestically and on the world stage as a product of the One Wales: One Planet initiative, promoting health and well being, natural resources, a green economy, eco-friendly and a source of quality food.

Finally, the future strategy for Wales will align with *Europe 2020* and focus on the three key areas identified:

- **Smart Growth:** *developing an economy based on knowledge and innovation*
- **Sustainable Growth:** *education, skills, environment, renewables*
- **Inclusive Growth** – *social inclusivity, equality and diversity, community cohesion*

Q4: In your view, what are the real competitive strengths of the Welsh economy? What are the weaknesses?

Strengths

Economic environment

Wales has the dual benefit of a strong national identity while forming part of a major economy, in an extremely stable political and social environment, in close proximity to the largest financial centre in the world. The stability in which the Wales economy can make its way to full recovery is a huge advantage.

Wales has a strong education system, through schools and Higher and Further education establishments. There are real opportunities for these to work more closely with employers to ensure that education translates into economic performance for all women and men.

Natural resources

Wales is fortunate to have a beautiful natural resource. Chwarae Teg believes that Wales could make more of this asset and use it to draw more people to the area. For many people, living in Wales is a lifestyle choice: the Welsh Assembly could use this as a hook to bring more businesses to the area based on being able to offer employees a better work-life balance and quality of life. Tourism can also benefit from Wales' natural beauty. As the recession and predicted flight costs keep people holidaying in the UK, Welsh tourism can find a large market in England.

The environment in Wales has other benefits. We are lucky to have a lot of natural resources that could be used to produce energy. Wales' tides have

the second largest rise and fall in the world. This should be harnessed to put Wales at the forefront of Renewable Energy production. Other methods, such as wind and hydro power, could also be utilised and Wales could become a leader in this field. As green jobs develop, there is work to be done to make sure women have equal opportunities in this area. Wales' Climate Change Strategy is to be commended and this should be the blue-print for future planning.

Devolved administration

The Welsh Assembly Government, a devolved administration, can be seen as a strength for Wales. In this relatively small country, on the periphery of Europe, there are more opportunities for dialogue between Ministers and large employer organisations such as the Confederation of British Industry and Federation of Small Business. This closer collaboration was evident during the recent recession with a series of Economic Summits, listening to business, taking advice and delivering some innovative solutions to challenging situations. This open and transparent dialogue between Government and Industry, including the SME sector, should be embedded in current and future policy.

Communities and people

There is also great strength in the communities of Wales, whether urban or rural. Workers in the South Wales Valleys have shown themselves to be loyal and committed. While relinquishing the old, heavy industries such as steel and coal production has been extremely painful, they have adapted to a new manufacturing, food processing and service economy.

Wales has much to be proud of and many iconic public figures that could be used to create a national identity and promote the region.

Weaknesses

Infrastructure challenges

We drew attention to many of Wales' weaknesses in question 1. For example, a lack of secure broadband and transport links are severe disadvantages for the Welsh economy. The Welsh Assembly Government needs to invest in these areas to make our infrastructure fit for business use. The poor road and rail infrastructure hampers economic development in the rural hinterland. It also reduces business' competitive advantage. The National Transport Plan should be prioritised to improve accessibility to all parts of Wales.

Childcare

Since its inception in 1992, Chwarae Teg has identified the lack of affordable childcare as a weakness for Wales. Childcare is essential for women and lone parents to participate in the labour market and is an essential ingredient in an economy which seeks to increase economic activity, improve

productivity and maximise the use of talent and skills. The Government needs to take a fresh look at childcare and establish a model which will work for Wales.

The Welsh Assembly should encourage and provide incentives for larger businesses to create their own childcare facilities and there should be assistance available for low-income families using registered childcare facilities. More radical assistance is required to assist parents back into the workforce than is currently provided by tax credits and childcare vouchers.

Further Education institutions in Wales cannot afford to provide childcare facilities. This reduces access to further education and vocational training for parents which in the longer term impacts on Wales' talent pipeline.

Wales has been at the forefront of Early Years Education but needs to extend this further and provide accessible, affordable childcare provision at the point of need.¹⁰ There is a correlation between economic inactivity and poverty and absence of employable skills.¹¹ Providing parents with appropriate childcare provision whilst undergoing further training and education must be a priority area for Wales Assembly Government.

3. Government's role in the Welsh economy

Facing the challenges ahead means taking a fundamental look at how the Assembly Government encourages economic development. The Government can do this in two fundamentally different ways: first, directly by providing help to individual businesses to start and grow through support such as advice, finance, training and skills development, business premises, assistance with exporting, innovation, R&D and commercialisation. Second, indirectly through creating the conditions in which the economy can flourish, for example through infrastructure, an effective planning system, better regulation, procurement, education and skills development, or tackling economic inactivity.

A key question is the extent to which the Assembly Government should intervene in the economy, and in what ways. In addition, when the Assembly Government does intervene, have we got the balance right between providing direct support to individual businesses and creating the right conditions in which well-managed businesses prosper in competitive markets?

Q5: To what extent *should* Government intervene in the economy, and in what ways? In your view, does the Assembly Government intervene too much or too little?

Chwarae Teg recognises and acknowledges Government's key role in supporting a strong economy. There needs to be a period of stability in the economic strategy for Wales with a commitment from any political

¹⁰ CSSIW (2009) *Children's Day Care Services 2008-09*

¹¹ Melyn Consulting (2009) *Supply of Childcare in Wales*

administration to take the long view, evaluate best practice, dispense with weak or underperforming initiatives and create a climate conducive and supportive to business growth.

Q6: Has the Assembly Government got the approach right between giving direct support to businesses and creating the right conditions for business to prosper?

The fundamental role of Government must be to create the environment in which business, communities and individuals can flourish. The UK Government as a whole needs to ensure the underlying stability of our financial environment as the key to economic growth. The Welsh Assembly Government has a key role in:

- Creating the transport and ICT infrastructure required for business and communities
- Spending on capital projects and ensuring procurement systems are appropriate to allow the private sector to participate fully
- Providing support to business through access to finance (see Questions 6 and 7)
- Enabling support to business through promoting the use of private and third sector advisory expertise
- Providing support to business through access to training, again maximising the use of private and third sector training expertise

The Assembly Government must review its current spend of approximately £240m per annum to ensure that there is sufficient return on investment and long term sustainability.

Sections 4 and 5 seek more detailed views on what the government could do to improve direct support to business and to create the right conditions for business to prosper.

4. Direct business support

We are interested in gathering the views and experiences of being in business in Wales. Are there times when the Assembly Government's efforts to support the economy have been particularly good? How best can the Assembly Government help to improve the productivity and competitiveness of businesses? How much emphasis should we place on direct support to business to start and grow, such as advice, financial support, training and skills development, business premises, exporting, innovation, R&D and commercialisation? Can direct business support be counterproductive in some ways for its effects on those that *don't* benefit: for example, through distorting competition, favouring existing businesses over new entrants, encouraging established sectors at the expense of new etc.?

Q7: In terms of direct support to business, what should the Assembly Government do more of, or start doing?

Chwarae Teg acknowledges the Assembly Government's role in providing direct support to businesses in Wales. At the same time, this comes at a significant cost and, at times, confusion to the business sector regarding the range of schemes available.

Flexible Support for Business

The newly established FS4B, a more comprehensive support mechanism replacing Business Eye, is still in its embryonic phase and *Chwarae Teg* is not in a position to comment on progress overall. However, we are concerned that support for women and under-represented groups (BME, Disability, Age, Welsh Language and Lone Parents) has not been provided effectively. Women remain a minority in respect of new business start up and high growth businesses.

We applaud the intention to "mainstream" the requirements of these groups into the overall service provided. However mainstream Business Support providers, working on behalf of Welsh Assembly Government, have not maximised the additional funding available to those embarking on new business ventures who require additional support, and have not sought the collaboration with specialist organisations which would help them to devise effective ways of support. As a result, rather than building effective additional support into mainstream services, it has failed to address the needs of those groups.

Other actions

In addition to actions to ensure that these current support mechanisms are fully utilised, *Chwarae Teg* recommends the following:

- In Wales in 2008 there were around 201,355 businesses of which 31,900 were women-led (14.4%).¹² Clearly there is potential for considerable increase. As a high proportion of women move into enterprise from a state of economic inactivity, a focus on women as a group has the potential for an overall gain to the economy. We recommend the establishment of a Women's Enterprise Task Force for Wales to establish mechanisms to increase the number and support the growth of women-owned businesses.¹³
- A review of the provision of direct business advisory support, redirecting funds to enable businesses to assess their own needs and to make the best use of private and third sector expertise.
- A review of the provision of training support for businesses to assess their own needs and to make the best use of private and third sector expertise.

¹² BIS (2008)

¹³ 38% women move into self-employment from economic inactivity compared with 17% men (Labour Force Survey, 2009)

- The provision of access to capital for start up and growing SMEs, in the form of “patient capital” and unsecured loans with capital or interest holidays. Within this, there need to be steps to ensure truly effective “mainstreaming “ of such support to women and other under-represented groups by working with the third sector to develop delivery strategies.
- Strengthen indirect business support policies through better procurement opportunities for the SME business sectors in Wales through disaggregated contracts
- Invest in urban and rural regeneration through greater involvement with social businesses
- Ensure sustainable development – social, economic and environmental –is embedded in all direct business support policy

Q8: In terms of direct support to business, what should the Assembly Government do less of, or stop doing?

Our recommendations under question 7 will require the Welsh Assembly Government to monitor and evaluate closely all the business support initiatives in Wales, identify best practice and eliminate duplication and waste.

Currently FS4B accesses information via UK Business Link – how much of an impact will there be on Wales if future UK administrations adopt the recommendations of the Richard Report?¹⁴

Q9: The Assembly Government has traditionally offered grant support. How important is this to economic development? Would other financial support e.g. loans, be better? Would more emphasis on non-financial support such as advice be better?

Access to finance

Research has shown that difficulty in accessing finance is a key factor restricting the number of women starting up and growing businesses.¹⁵ At a time when access to finance is likely to remain a challenge for all SMEs, this becomes an area where direct Government support can make a real impact..

Wales needs strong sustainable businesses and finance needs to be used to kick-start and incubate viable business models. The availability of funding to support growth and consolidation for the medium to long term is critical to business success. This may be in the form of share capital in the anticipation of capital growth or dividend returns after a certain threshold is reached (so called “patient capital”) or unsecured loans with capital and/or interest holidays. Schemes to make such capital available need to be well designed, recognising that good business ideas and models do not always come in traditionally stereotypical forms.

¹⁴ Richard, D. (2008) *Small Business and Government: The Richard Report*

Start-up support

Underlying such schemes, there needs to be recognition that not all entrepreneurs are starting from the same base – the level of pre-start advice and support needed can vary dramatically from individual to individual, and research has shown that women starting businesses have often not had access to the training and networks available to their male counterparts.

Government intervention can be used to make such support available, and we recommend that where a need for targeted training and advice is identified, any delivery scheme is designed to make full use of the private and third sector advice which exists in abundance.

Wales needs to explore best practice from elsewhere, for example:

SWEDEN

From idea to profitable business:

ALMI's task is to promote the development of competitive small and medium-sized businesses as well as to stimulate new enterprise with the aim of creating growth and innovation in Swedish business life. Its activity covers the whole process from idea to profitable business. The needs of the clients differ according to which stage in the process they have reached. Activities are therefore organised into three business areas based on the different client needs – Innovation, New Enterprises and Established Businesses. Within these areas, two principal services are offered – financing and business development. What is unique about ALMI is the combination of financing and business development. The objective is to get more innovative ideas to the market successfully, to get more viable businesses launched and developed, as well as to increase the competitiveness and profitability of the businesses.

www.almi.se

Access to networks and markets

Government's ability to introduce entrepreneurs to new networks for collaboration and market opportunities is also key, and is of particular importance to women and others approaching business from scratch. Support for networks and trade missions is an area where government, often in collaboration with the third sector, can fill gaps in business support which otherwise would remain empty.

Recognition of new models of business and finance

The recognition of new business and finance models will be an important part of economic renewal. Social enterprises, mutuals, co-operatives, community initiatives need to access pump-priming funding, and in turn need to the "triple bottom line" – economic, environmental and social sustainability. The Assembly Government should continue with its drive for financial inclusion and an increase in numbers of credit unions, drawing on best practice from other countries with a longer tradition of such enterprises, for example the experience of the Grameen Bank in Bangladesh, and its founder Professor Muhammad Yunus and similar micro-finance schemes.

¹⁵ BIS (2009) *Female Entrepreneurship: The Evidence Base*

The “credit crunch” and related restrictions on bank lending have meant that businesses have struggled with cash flow and many have been unable to meet the challenges of cash shortages. Greater commitment to the credit union network, as indicated in the Financial Inclusion Strategy, could expand access to small business finance beyond that provided by High Street banks and allow small businesses to access funds they cannot find elsewhere.

5. Creating the right conditions for business

In addition to direct economic development policies, many of the Assembly Government’s other policies can have an impact on economic development – for example, infrastructure, an effective planning system, better regulation, procurement, education and skills development or tackling economic inactivity.

Q10: In your view, are the Assembly Government’s wider policies properly aligned for economic development? Are there opportunities to create more encouraging conditions for business through these wider policies?

Economic development is closely entwined with almost all policy areas. Chwarae Teg believes that the following are particularly relevant and attention should be given to these in developing the Economic Renewal Programme.

Wherever possible this needs to be by innovative policy and delivery programmes, by championing best practice and highlighting exemplar role models, rather than by legislation, which should be used only where it is fundamentally necessary.

Creating the environment for business to flourish

- Transport (bearing in mind schools and nurseries, not just home-to-work)
- ICT infrastructure
- Access to markets

Enabling women and men into work by providing a level playing field

- Childcare provision
- Encourage a level playing field for men and women in respect of parental leave
- The promotion of flexible working and work life balance practices for all workers as a step to business success, rather than for certain individuals in certain circumstances.

Developing the workforce as a critical selling point for Wales as a place to locate business

- Basic skills strategy
- Employability, especially with respect to young women and young men.
- Advice on subject choice and careers to school leavers, especially women,

challenging stereotypes and occupational segregation.

Truly effective policy-making

Across all of these areas identified, there is a common thread which must be addressed if policies are to be truly effective for everyone in Wales and bring the full benefits of economic recovery:

- **Inclusive policy making** – ensuring that all new policy development has been gender-proofed, including business support programmes
- **Strategic fit** - Sustainable development is the key point here – ***economic, social and environmental sustainability***, should be embedded in all future policy making.
- **Equality and Diversity – opportunities for all** - the Assembly Government could do more to encourage businesses to ‘think wider’ with regards to recruitment, retention, progression and skills development. Wales, as a country, is culturally, linguistically and economically diverse, that, combined with inward migration, an ageing population and long term economic inactivity will mean that the traditional and gender stereotyped occupational routes will be challenged.

The Assembly Government can do more to promote equality and diversity in business by championing good practice, for example through an Exemplar Employer Initiative equality kite-mark, and by demonstrating leadership through its own employment practices.

6. Attracting businesses to Wales

To grow the Welsh economy, there is a need to attract new businesses to Wales including the further development and diversification of existing inward investors. We want to attract businesses to Wales that will embed themselves here and develop strong links with local companies and grow and invest in Wales into the long-term. The factors that matter in choosing a business location may vary from the availability of grants, to workforce skills, good infrastructure and communication, the cost base and property availability, through to more indirect attractions like the quality of schools, low crime, housing or quality of life.

Q11: In your view, what would attract a business to Wales, and what are the benefits to the Welsh economy? What more could we do to increase the stock of inward investors that we have here? What are the barriers to attracting and retaining business? How can we improve our approach to attracting businesses to locate and remain in Wales for the long term?

The future challenge for the Welsh Assembly Government and those dealing with Foreign Direct Investment is to promote our advantages and credentials – as described in our answer to Question 4.

We need to promote our One Wales: One Planet Strategy and Wales as a

favoured destination for employee loyalty, a flexible workforce and ability to adapt. Alongside, we need to develop our investment on environmental and renewable energies.

The expertise provided by our Higher Education institutions must be promoted widely. The strength of Wales' ability to create real collaboration, between: academia, business and Government will provide businesses with the opportunity to innovate.

Wales needs to strengthen its European and Asian language skills. Our young people are missing out on key career opportunities because of our reluctance to study second and third languages.

If grants continue to be required to attract Foreign Direct Investment to Wales, then it is crucial that these are aimed at businesses which are a good match for Wales' strengths (as previously described) and therefore will, as has already been stated, stand more of a chance of firmly embedding themselves into the community for the long term. In carrying out such qualitative assessment of an investor's desirability for Wales, consideration should be given to the key questions of social, environmental sustainability as well as economic considerations.

7. Regional distinctiveness

Q12: Should different approaches be developed for different parts of Wales (e.g. rural mid Wales versus more industrial areas of south east Wales) If so, is there anything specifically you would propose?

Chwarae Teg believes regional needs and priorities should be given consideration when determining Welsh Assembly policy.

Chwarae Teg recommends further investment into transport infrastructure, ICT and de-centralisation of public services to a wider rural hinterland.

The rural economy, agri-food industries, renewable energy, green jobs, conservation and environment issues would all benefit from a Rural Regeneration Strategy for Wales.

8. Other issues

The areas above are where we have sought your views and you are welcome to provide responses on any or all of the above. However, there may be other issues of relevance to economic development that you would like to raise with us

Are there any other issues which you would like to comment on?

Thank you for taking the time to make your views known to us.
Responses to consultations may be made public – on the internet or
in a report. If you would prefer your response to be kept confidential,
please tick here:

Your details

Please provide us with your contact details. If you are responding on
behalf of an organisation or group please give the name of the
organisation here.

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Tell Us More – Economic Renewal Programme

Equal Opportunities Monitoring

If you are responding on behalf of an organisation representing the views of a group of people or a network, please tell us who you represent as free text below

If you are responding as an individual, please fill in the monitoring form below.

The information provided on this form is and will remain Strictly Private and Confidential. Your details will not be divulged to any other Company and/or Organisation. The Welsh Assembly Government is committed to achieving equal opportunities in all its activities and responsibilities. This means taking action to ensure that all our services are accessible, and that all users of our services are treated equally. The Welsh Assembly Government carries out equal opportunities monitoring to collect information which will allow us to improve our services.

Gender

Male Female

Age

16-18 19-24 25-49 50+

Ethnic origin

Ethnic origin questions are not about nationality, place of birth or citizenship. They are about broad ethnic groups i.e. UK citizens may belong to any of the groups above. Participants should use the category which they feel describes their ethnic origin.

Black

Black British
Black English
Black Irish
Black Scottish
Black Welsh
Caribbean
African
Other black background

Asian

Asian British
Asian English
Asian Irish
Asian Scottish
Asian Welsh
Indian
Pakistani
Bangladeshi
Chinese
Any other Asian background

White

British
English
Irish
Scottish
Welsh
Other white background

Dual Heritage

- White and Black Caribbean Prefer not to say
- White and Black African
- White and Asian
- Any other dual heritage background

If you would prefer to describe your ethnic origin in another way, please do so.

Disability

Do you consider yourself to be a disabled person because of the barriers (attitudinal, environmental and organisational) which prevent you from participating fully in all areas of life.

Yes No

Do you face barriers to employment due to a work limiting health condition?

Yes No

Sexual Orientation

Which of the following options best describes how you think of yourself?

- Heterosexual or Straight Bisexual
- Gay or Lesbian Other
- Prefer not to say

Religion

- No religion Hindu
- Christian (All denominations) Buddhist
- Jewish Muslim
- Sikh Prefer not to say
- Any other religion, please describe _____