

Nid yw'r cyfieithiad Cymraeg ar gael ar hyn o bryd.

## **EVIDENCE BY THE WELSH DEVELOPMENT AGENCY TO THE AGRICULTURE AND RURAL DEVELOPMENT COMMITTEE'S INQUIRY INTO RURAL ECONOMIC DIVERSIFICATION**

### **INTRODUCTION**

1. The Welsh Development Agency welcomes the opportunity to provide further evidence to the Committee as part of its inquiry into diversifying the economic base of rural Wales. This submission will focus on the two themes which the Committee has now sought further evidence. We look forward to expanding on these points at the Committee meeting and would be happy to provide further information if this would be helpful.

### **MARKETING AND ADDING VALUE**

2. The marketing of rural Wales to business is a key activity of the Agency in an attempt to diversify the economic base and increase the prosperity of the area through the creation of new job opportunities.
3. The Agency is working with a number of organisations to develop a common image or brand for Wales as a modern, dynamic environment. The aim is to secure greater synergy in our marketing efforts, whilst reinforcing the same common images.

### **Rural Wales/Inward Investment Activity**

4. In respect of international projects the WDA continues to market all regions of Wales, including rural areas to secure appropriate inward investment projects. During the last two years the International Division has helped secure a number of prestigious projects, including Kruger Tissue at Penygroes, SPX Contech at Welshpool and Mitsui Components at Ammanford.
5. In respect of UK and Ireland business expansions the WDA continues to work closely with its local authority partners to attract business expansion projects through a combination of advertising, direct marketing and networking through financial and legal contacts, business consultants and University Alumni.
6. This activity is complemented by the Business Park Wales project which operates in conjunction with officers from all four WDA regions. The project aims to identify and secure appropriate business expansion project leads and to promote supplier sourcing and joint ventures including shared technology activities between companies in Wales and businesses in England and Ireland. UK/Ireland business

expansion projects secured during the past two years include Welsh Country Foods, Gaerwen; Welsh Burger Manufacturing Co.Ltd., Llanellwedd and DPS Aerospace Ltd., at Pembroke Dock

7. The Business Park Wales campaign will work with WDA officers in all regions and with Local Authority partnerships to focus on targeted marketing activities which serve the inward investment needs and aspirations of each division. The campaign will pursue the following sectors and objectives for securing UK and Ireland business expansion and inter-trading project leads:

- SME's employing up to 200 staff
- Businesses located in North-West England, the Midlands, South-West, M4 Corridor, London and the South-East, Dublin and South-East Ireland
- Sectoral focus appropriate to each region including knowledge drive, e-business and environmental businesses. Sectors will include aerospace, automotive, biotechnology, contact centres, earth sciences, electronics, food and drink, finance, insurance, multi-media, optronics, packaging, pharmaceutical, renewables, software and timber
- Themes will include key regional benefits and resources, workforce, skills, key development sites and premises and new developments such as Technium, the research and development incubator concept which will build on centres of research and innovation to provide destinations for growing knowledge based businesses
- Tactical marketing will include direct marketing, development of existing database, seminars, conferences and larger themed events, in region events and family visits, development of existing business relationships, cultivation of Welsh links including Alumni, and marketing special business opportunities.

### **Rural Wales/In Region Marketing**

8. Marketing activities currently focus on fostering relationships with key businesses in the region, in rural Wales, supporting our key partner organisations in their marketing work, promoting development sites and property, promoting WDA products and services for business development and community regeneration, promoting key niche markets including innovation and knowledge driven clusters, agri-food, agri-tourism and promoting diversification and other development opportunities for farmers and farming families.

9. Specific activities have included support for the Regional Economic Fora, business development activities at the Royal Welsh, promotional literature for key development sites and premises, business receptions for key companies, etc.

### **Media & Public Relations**

10. Media and public relations are utilised to promote rural Wales to a wider audience, both within the United Kingdom and further afield. Examples include the promotion of successful companies or initiatives within the region. These cases are promoted through press releases to the local, regional, national and trade media and not only help promote the company or initiative but also the region as a location. Examples include the promotion of new or expanding companies, or the success of a project, such as the Market Towns Initiative. In both cases the local and regional media highlight the success within rural Wales, while strategically placing the story in national and trade publications enabling us to promote rural Wales as a successful location.

11. Similar promotion is undertaken internationally. For example, promoting a successful US company that invested in a new plant within rural Wales back into its home media enables us to target other US firms that might be considering expansion. Having rural Wales included in such editorial not only promotes the successful business environment, but the region in its own right.

12. Events, such as factory openings, expansions, social occasions, etc., are also utilised to promote rural Wales. For example, if a company is opening a new factory we attempt to invite its key customers, suppliers and industry contacts in order to not only highlight the company's individual success, but the location in which it is investing.

### **Branding, Marketing and Promotion of Welsh Food**

13. The WDA is working with partners to develop a brand for quality Welsh food. The objective of the project is to develop a clear strategic direction and positioning for Welsh food and drink for both consumers and the trade, both nationally and internationally.

14. Consumer research in England and Wales and trade research in EU markets has identified the perception that Wales has a limited offer, based on:

- No real sense of what Welsh national identity is
- No sense of Welsh food - imagery is quite generic "green and clean"
- No major (manufacturer) brands
- Produce limited to "raw" materials, with only lamb (and water) as 'star(s)'
- No 'cuisine'/food heritage.

15. In comparison Ireland and Scotland, who have similar produce offers, have more to build on and a headstart having started earlier. It is recognised that to address these issues and build a stronger perception of Welsh food and drink will take a considerable amount of time and commitment.

16. It is also recognised that to create a brand is very much more than creating a logo. Brands take time and effort to create - to earn their space in consumers' mind. By only adopting a new logo on Welsh produce will change little in the short term, if that is all it is.

17. There is clearly a need for co-ordinated effort to promote Wales - the Brand. This has to be reinforced by activities of the Assembly, the WDA, WTB and others in promoting and marketing Wales. Clarity and consistency is required in promoting the brand, whilst taking account of the needs of specific target audiences.

18. The Agency is involved in a number of programmes and initiatives to market and promote Welsh agri-food products in home and overseas markets. These include: market channels (which actively promotes Welsh food and drink lines with the major multiples), specially foods (helping to nurture a food culture in Wales), Taste of Wales (linking Wales' produce with the hospitality sector) and marketing at Festivals both inside and outside Wales.

### **Adding Value**

19. Adding value to primary commodities produced in rural areas, offers considerable potential to generate additional income and thereby raise prosperity. The tendency has been however for most livestock and livestock products, the overwhelming dominant proportion of agricultural output, to be exported from Wales without further processing. The WDA, with its partners in the Agri-food Partnership, are seeking to address these issues through the delivery of the industry led Action Plans for lamb and beef, dairy and organic sectors. The focus of the work is on adding value to Welsh agricultural products through improving the supply chain and stimulating demand for Welsh produce.

20. Forestry is also a key sector of the rural economy. The Agency has been represented on the Wales Woodland Strategy Working Group which is charged with the development of a strategy for the promotion of the industry. One of the objectives of the Agency, through its TIMBER programme, is to facilitate the development of innovative value added products within the timber industry sector in Wales. The programme also seeks to facilitate market development for those products. Support is also provided to Coed Cymru to promote a holistic approach to the Welsh hardwood sector, ranging from woodland management to new product development.

21. Tourism and agri-tourism also offer scope to the rural economy. The WDA, together with the WTB and other organisations, jointly commissioned a farm tourism study which identified a number of actions which are currently being taken forward.

22. Other sectors which have potential to add value in rural Wales include the environmental goods and services, and renewable energy sectors. The Agency currently manages an All Wales programme for the promotion of the environmental goods and services sector and is working with the Assembly to define the support it can provide to the energy sector, including renewable energy sector in Wales. Through Finance Wales, we are presently able to offer a renewable energy loan fund.

### **COMMUNITY DEVELOPMENT**

## **Policy**

23. The Welsh Development Agency published its Community Regeneration Policy in May 2000, which set out the principles which would guide the Agency's involvement in the process of community development and regeneration

24. Our policy is based on an area based approach to community regeneration, providing the integration of complimentary economic, social, cultural and environmental measures. Given the broad nature of community regeneration, we recognise that regeneration must be based on an effective partnership approach. Our policy builds on the many existing partnerships which are in place and the work which is currently being undertaken through area development programmes, and the like, by the Agency and its partners. It further emphasises the need for sustainable regeneration to have the full input of the community itself and the organisations which represent it.

25. We recognise that community regeneration is a long term process requiring support over a number of years. However, we conclude that there are certain stages in the process at which Agency intervention is most appropriate. We believe that the Agency can best add value at the implementation stage by the selective use of both its capital and revenue support programmes. We do not believe it is the Agency's principle role to directly deliver support for capacity building, although we may choose to facilitate or enable such processes where we believe it would be opportune or appropriate to do so, and where it is not already provided for.

26. It is not possible to be prescriptive about the exact nature and form of the Agency's involvement in the community regeneration process. By its very nature, community regeneration needs to be delivered at the local level to meet the needs and opportunities presented by a particular community. The Agency's involvement will need to be responsive to local circumstance but will encompass a broad range of support mechanisms - both capital and revenue programmes. The Agency is currently working to put together a tool-kit which would provide a coherent framework of measures to support community regeneration throughout Wales. Whilst our policy is based on an area-based approach to community regeneration, the Agency recognises the importance of supporting specialist interests where doing so would help to secure the priorities of the Corporate Plan.

27. There are numerous examples of the Agency's involvement in community regeneration activities, including the Small Towns and Villages Initiative and the Slate Valleys Initiative in north Wales, the Market Towns Initiative and tool-kit for regeneration in mid Wales, the Three Towns Initiative and Barry Regeneration project in south Wales and various activities in West, including support for LEADER and other community based projects.

### **Market Towns Initiative**

28. The Market Town Initiative was launched in November 1996 by the then Development Board for Rural Wales in mid Wales and offered a support package of advice and funding for community led

projects. Towns and villages across Mid Wales were invited to bid for up to £90,000 of revenue funding over 3 years to carry out development projects. Ten towns were selected to develop a vision for their future and demonstrated a partnership approach to carrying out projects.

29. The initiative had a number of broad - social and economic - developmental intentions. The primary aim of the initiative was to encourage individual communities to come together with agreed and negotiated aims for structures, to develop and address community regeneration. Each of the towns which participated in the initiative set up a committee which sought to identify development options; exploit local resources such as retail, tourism and the environment; attract funding from public and private bodies; and, above all, to mobilise the wider community through various social, cultural and economic activities.

30. The thinking behind the initiative reflected a view that the key to successful and sustainable rural development lies with the use of holistic approaches. The idea was (and is) that addressing wider social development can drive and enable economic growth.

31. The Initiative has been formally evaluated and monitored on an on-going basis by the Tavistock Institute. Generally, the evaluation has confirmed the usefulness and value of the initiative and, in particular, the value of local partnership, community led activities, modest revenue funding and employment of dedicated development officers.

32. Building on the experience of the Market Towns Initiative and the Agency's Community Regeneration Policy, the mid Wales division has subsequently developed a tool-kit framework to support community regeneration. The tool-kit will enable a flexible approach to work with and through integrated partnership at a regional and local level, so that priorities are agreed and all possible resources are mobilised and commitment is enhanced. There are eight core tools within the tool-kit which can be employed at different stages of the regeneration process. The tools include:

- a. Seed Corn Fund - to aid communities in the development of the local partnership and to develop their future strategy
- b. Partnership (revenue) - the provision of support for the development of partnership groups
- c. Training/Mentoring (revenue) - to provide basic organisational development training and support for community groups
- d. Revenue funding (revenue) - to provide direct revenue funding for various costs and studies
- e. Development Officer (revenue) - to provide communities that show a clear need with funding to employ a Development Officer
- f. Consultancy/Profession Support (revenue) - to provide appropriate consultancy/professional support
- g. Sector Based Intervention (revenue and capital) - to build actions centred around specific sectors
- h. Agreed Structural Intervention (capital) - to provide communities with strategic capital focused expenditure.

33. It is intended that the tool-kit become operational in mid Wales from May 2001, with funding also being sought from European sources (Objective 1 and 2). Whilst the funding for the Market Towns Initiative came to an end in December 2000, the WDA is providing interim funding for the 10 participating towns to plan for the next phase.

34. An internal working group has been established within the Agency, to look at the integration of the tool-kit into a comprehensive, all-Wales package of products for area based regeneration. This would allow a common tool-kit capable of being used in a flexible way to suit the needs of different regions and areas of Wales.

### **Small Towns and Villages Enterprise Initiative**

35. The project is an economic regeneration initiative delivered by Business Connect partners in North Wales and aims to improve the delivery of business support services to rural communities. A range of products are available from the Agency to individual businesses and groups to further promote economic viability, including business reviews, business support grants, rural retailer support and ICT advice/grants.

36. The Rural Retailer Scheme offers specialist advice to rural retailers and a small grant of up to £5K for new investment. It is recommended that this scheme be made generally available across North Wales to communities of up to 1000 population. A similar scheme is operational in other parts of Wales through Business Connect.

### **LEADER**

37. The Agency has provided a major contribution to the LEADER programme in Wales. This investment has led to a number of innovative community based rural development projects ranging from food development and marketing and support for business networks, to local tourism initiatives, ICT projects and environmental improvements. Discussions are on-going with Assembly officials to define the role of the Agency in respect of LEADER+.

### **Communities First**

38. The Agency warmly welcomes the Assembly's proposals for the implementation of Communities First in Wales. However, in our response to the consultation, we have raised our concern about the use of the Index of Multiple Deprivation as the basis for selecting communities to be targeted, particularly in rural areas. Our concern is that despite attempts to make the Index more rurally-friendly, it is still largely an urban biased index. Whilst measures concerned with peripherality and access to services have been incorporated, they are afforded a relatively low weighting within the overall index. Generally, the index will favour pockets of urban deprivation or at best small urban pockets within wider rural areas.

39. We are further concerned at the suggestion proposed in Communities First that rural authorities might

target pockets of deprivation below ED level. This, we suggest, fails to appreciate that much rural poverty is in fact "hidden" within official statistics, because it is less concentrated and spread over a wider area. In areas of low population density action is often required over a larger, rather than a smaller geographical area to get sufficient critical mass of population and to address key service delivery issues and networking considerations related to rural deprivation.

## **Rural Services**

40. The Rural Partnership in its Statement on Rural Wales, identified a number of objectives relating to improving access to rural services, including:

- Greater co-ordination and more effective use of the infrastructure and support services in rural areas
- More affordable housing to meet the needs of local people
- The needs of rural areas and higher costs of service provision fully recognised in allocating funding
- Local amenities such as the village shop, post office and garage, leisure and social facilities preserved.

41. The WDA is looking to work with the National Assembly and the Wales Co-operative Centre to identify the needs of rural post offices and other retail business and to identify appropriate mechanisms for delivering solutions to those needs, taking into account existing available services. The promotion of co-operative and community ownership may be one option.

42. The duty placed on local authorities to work with all relevant partners including the community to prepare community strategies to cover economic, social and environmental objectives offers the opportunity to address service provision within a designated area. Co-ordinated planning by all stakeholders will be essential, as will be co-ordination in the delivery of those services to a community.

## **CONCLUSION**

43. The WDA believes that both of the issues identified as part of the current inquiry are important to promoting the sustainable development of rural Wales. We look forward to playing our part in securing a prosperous future for our rural communities and businesses.