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Experts in Business

Senedd Cymru
Pwyllgor yr Economi, Masnach a Materion
Gwledig
Blaenoriaethau ar gyfer y Chweched Senedd
ETRA - 08
Ymateb gan: Ffederasiwn Busnesau Bach
Cymru

Welsh Parliament
Economy, Trade and Rural Affairs
Committee
Priorities for the Sixth Senedd.

Evidence from: Federation Small Businesses
Wales

25 August 2021

Economy, Trade and Rural Affairs Committee
Senedd,
Pierhead St,
Cardiff
CF99 1SN

Dear Paul Davies MS,

RE: Priorities for the Committee

FSB Wales is the authoritative voice of businesses in Wales, with around 10,000 members. It campaigns for a better social, political, and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

FSB welcomes the opportunity to respond to the committee's call for views on its priorities. Committees serve a vital role in providing scrutiny of the government, in providing a key role in influencing policy development, and as a constructive engagement point for evidence and understanding between the legislature and civil society, including our role in representing small businesses.

With continuing issues arising from Covid, the possibility of further disruptions, and the legacy of the damage the pandemic has wrought alongside the impetus to build an economic recovery, the role of committees will be of even more importance this term.

As such, insofar as possible, it is important that the Senedd's capacity and abilities are used to the full in this process, and that the structure allows committees – and their Chairs - to be agile and able to respond quickly to events this Winter, as well as in providing scrutiny and policy development for the challenges ahead. It is in the spirit of supporting this democratic process and committees as the engine room of Welsh democracy that we respond to this consultation.

The Economy, Trade and Rural Affairs Committee covers areas of priority for FSB Wales across its whole remit, and FSB forward to working with you over the coming term.

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Ways of Working

FSB welcome that you note that ‘inevitably there will be some cross-over with policy areas in the remit of other Senedd Committees. If you have views on issues that could lend themselves to joint working or collaboration, please include this in your response.’

We note that the new Committees structure includes the following:

- The Sixth Senedd has for the moment opted for smaller membership in committees (4-6).
- This should allow members to build more specialism, but at the cost of more diverse voices in each committee (as was the case with larger committees).
- It is important to push for the advantages of building focused specialism is nurtured and maximised, but the diversity and small pool is mitigated (e.g., through cross-committee working).

Potentially, this structure could allow for more agility which as there may well remain issues arising requiring quick reaction, policy response and scrutiny over the next period, could be extremely useful. This would require significant autonomy for committees to pursue their own path and ways of working.

However, the decision has also been taken to cut the number of committee meetings to be fortnightly rather than weekly.

- Smaller committees should allow MSs being able to populate across them better, but fewer meetings do not seem to add value in this respect.
- There are also dangers to scrutiny and policy development – the role of scrutiny (legislative and non-legislative) as we open up after Covid is important, with myriad issues across all policy areas important. Committees have an important role in this respect and halving the time for scrutiny in a stroke makes little sense. This is a particular issue for small business issues, as we are concerned that vital areas of economic recovery may not be properly addressed or scrutinised.
- There is a danger that the pressure will force committees to focus on necessary legislative scrutiny alone, while relegating wider scrutiny and policy inquiries to the margins (including on business issues and day to day issues around Covid, for example).
- Some Committees have wide and disparate subject areas, and there is a danger that whole policy areas will be relegated to the side-lines.
- As well as being the engine room of democratic scrutiny of Government, Committees are a vital interface for contact and policy evidence form civil society – there is a danger that the pool of evidence is further narrowed, and a focus is on the narrower ‘usual suspects’ providing evidence positing a danger of group-think and less diverse views being taken in oral evidence.
- As noted above, committees will need to be agile in continuing to respond to Covid and the various issues raised by the pandemic will continue to impact for the Senedd term. These limits on their work may



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mitigate against that and undermine responsive policy development and scrutiny. As such, it makes sense to allow autonomy for Committees to pursue their own ways of working, including additional meeting and inquiries. As such, the two-week meetings should be seen as a baseline rather than a ceiling for activity and scrutiny.

Cross committee working will be vital to mitigate against small committees meaning a greater focus but a danger of silo working and loss of diverse offices bringing in a range of policy field lenses and understanding how they intersect. We therefore encourage cross committee inquiries as a minimum (and suggestions later in paper on subjects that span committees).

It is also possible to look at ways as a regular way of working and ensuring policy span through MSs from different committees could sit as non-voting 'guests' or bringing committee expertise and lens to particular meetings (e.g., climate change members sitting in on discussions on housing capital spending policy).

This way of working will also be important in terms of scrutiny of the substance and operation of Welsh Government – through the 'Super ministry' of Climate Change as a central organising department looking to ensure cross departmental and holistic working, it is important that Senedd is able to mirror this and provide adequate scrutiny across policy areas accordingly.

Business concerns sit across many departments, and within intersecting policy subjects so it is important for FSB and small business concerns too.

Recommendations

- *That committees are allowed freedom (as decided unanimously by all their members) to look at the fortnightly meetings as a baseline and so can organise more meetings as suits them or for specific inquiries.*
- *We would urge a view to cross committee working on intersecting subject areas and inquiries – and that these can be on top of the fortnightly meetings.*
- *To mitigate against small committees being a small pool we would urge that committees can co-opt other MSs (including possibly spokespeople retain a right to attend and question) as non-voting members for individual sessions, and to be encouraged and incentivised to do so. These could also be as members of other committees to encourage cross sectoral views.*
- It is vital, with continuing uncertainty on Covid over the Winter months (as well as ongoing issues and its legacy) that Committees are able to react with agility to raise issues, conduct inquiries and scrutinise reactively and quickly as needed. Committees and their Chairs should be able to do this with as much autonomy as possible over their schedules and ways of working (with necessary checks of unanimity in committee as appropriate).



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FSB's suggested key policy areas of work for Economy Trade and Rural Affairs Committee

- *What do you think the Committee's strategic priorities should be over the next six months?*
- *What do you think the Committee's longer-term objectives and priorities should be for the term of the sixth Senedd?*

The ongoing impact of Covid-19 will remain a significant area of priority, as in September support in terms of Government funding and the furlough scheme come to an end. It will be important to understand the impact of these, any sectoral impact, and any mitigatory measures that can be taken with an eye on targeted support.

The legacy of covid in terms of the future shape of our economy, and what role the Welsh Government takes in that rebuilding process, is something for the Committee to scrutinise the Welsh Government's strategies and implementation on in the short term, while feeding into longer term objectives and delivery.

A key immediate concern that will have impact on long term future is the future of business support in Wales. FSB would argue that Business Wales and Development Bank of Wales have been a comparative advantage during the pandemic and have shown themselves to be good value for money in the years before that for the Welsh economy and SMEs. Given it has been traditionally reliant for half its funding on EU funding, it is of great concern that with uncertainties over future funding and a likelihood of substantially less funding in Wales through the Shared Prosperity Fund, that the role of Business Wales will be reduced, and its key functions lost.

In terms of sectors, once we have clarity on the relative success of the summer season, the future of tourism economy will be a key area of concern. This is in terms of rebuilding after Covid-19 but also in terms of how to navigate opportunities and risks in the post-Brexit and post-Covid economy, how to build a year-around industry (with the possibilities for employment and training progression that can imply), and how it relates to a wider Wales brand.

Welsh Government has set a target (without real indication of how it is to be measured) of 30% of employees in Wales to work remotely. An analysis of how this is to work, identifying the opportunities and wider issues (such as housing costs), sectoral impact, economic opportunities, and devolution of powers for towns and property strategies, workforce safety and development, as well as environmental impact would be useful, and we believe this policy impact needs a holistic approach. This is particularly so given the Welsh Government continues to recommend home working as a Covid mitigation. This work could fruitfully be done with other Committees as dealing with economy and housing in particular.

For long term strategy we would welcome the development of a long-term mission that aligns the economic development of Wales as a long-term mission within Wales's institutional architecture, taking account of the substantial new economic and fiscal powers at Welsh Government's disposal, and aligns with the social and environmental long-term strategy. This would look in particular at ways to consolidate the existing mechanisms in Wales toward the same goals and look for active business and innovation opportunities to shape and make new markets, building a long-term sustainable SME sector for a strong Welsh economy underpinning our global duties. It is for this reason that FSB Wales developed our policy for an Economic Development Bill towards that end, and the Committee may wish to explore the possibilities and mechanisms toward that end.



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Subject areas for Joint working with other committees

Our suggestions above advocate a dynamic and agile role in co-working and cross committee working, utilising all the backbench capacity and capabilities as much as possible, and reducing possible silos in policy scrutiny and development. The following list gives some indications of possible areas of work, although this is not exhaustive list, and priorities will be necessarily shaped by wider issues of Welsh Government priorities and external factors such as Covid-19 and Brexit. Working iteratively with other committees will also shape framing of subject areas, and we believe this would generally be positive for inquiries and scrutiny.

Subject area	Possible partner committee(s)
Developing Green Supply chain and procurement	Climate Change, Environment, and Infrastructure Committee Could also include Health Committee if sector specific (e.g., PPE, Health procurement) inquiry
Transport	Climate Change, Environment, and Infrastructure Committee
Green Energy projects	Climate Change, Environment, and Infrastructure Committee
<i>Welsh Brand, Exports, and internationalising SMEs</i>	Culture, Communications, Welsh Language, Sport, and International Relations Committee
<i>Housing new Capital spending and greening the sector; including addressing business premises</i>	Local Government and Housing Committee Climate Change, Environment, and Infrastructure Committee
<i>Implications and opportunities of Guarantee of Offer for Education, Employment or Training to under 25s</i>	Young Persons Committee
Mental health, wellbeing, and debt pressures due to Covid – inc. the impact on SME owners	Health and Social Care Committee
Business Support	Finance Committee

FSB Wales would welcome the opportunity to discuss this issue with your officials, should you deem it useful.
Yours sincerely,



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A handwritten signature in black ink, appearing to read 'Ben Cottam'.

Ben Cottam
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