

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Pwyllgor yr Economi, Seilwaith a Sgiliau	Economy, Infrastructure and Skills Committee
Blaenoriaethau ar gyfer Pwyllgor yr Economi, Seilwaith a Sgiliau	Priorities for the Economy, Infrastructure and Skills Committee
EIS 44 Cynghrair y Cymunedau Diwydiannol Cymru	EIS 44 Industrial Communities Alliance Wales

**Priorities for the Economy, Infrastructure and Skills Committee:
Response of the Industrial Communities Alliance Wales**

1. The Industrial Communities Alliance is an all-party association representing some 60 local authorities in the older industrial areas of England, Scotland and Wales. The aim of the Alliance is to promote the economic, social and environmental renewal of the areas covered by its member authorities. The ICA's member authorities in Wales comprise: Blaenau Gwent CBC; Torfaen CBC; Merthyr Tydfil CBC; Caerphilly CBC; Rhondda Cynon Taf CBC; Neath Port Talbot CBC; Bridgend CBC; Carmathenshire CC; Powys CC.
2. Regarding the Committee's priorities, the Alliance is strongly of the view that two particular topics should figure prominently in its future work, namely: ensuring that economic policy has a strong spatial dimension which reflects the on-going need to address the economic disparities between the Valleys and other areas of Wales and the UK; establishing an effective industrial strategy that can enhance competitiveness and help deliver a high wage, high employment economy.
3. Despite considerable progress in addressing some of the fundamental structural economic weaknesses of the Valleys, many communities are still struggling in their efforts to adapt to the new global economic order; indices such as earnings, GVA and employment rates continue to place many areas of the Valleys at or near the bottom of the league tables. This situation requires a stronger spatial dimension to the Welsh Government's economic policies, which explicitly recognises these challenges. It needs to recognise for example that manufacturing is still an important employment sector in many parts of the Valleys with employment rates often exceeding the national average by a considerable margin.
4. Specifically, the spatial dimension can be strengthened in a number of ways. Firstly, initiatives need to capitalize on the investment already committed to major infrastructure projects such as the A465 Heads of the Valleys Improvement – strengthening the Enterprise Zone in Ebbw Vale provides a good example of how this might be done. Secondly, the city region initiative needs to ensure that the economic benefits of the City Deal and related investments address areas of need as well as areas of opportunity, ensuring an equitable distribution of the benefits of economic growth. In this respect, multi-centric growth strategies

should figure prominently in the allocation of resources. Thirdly, the priority sector approach underpinning the current economic framework should be reviewed. These sectors cover some 45% of total employment in Wales, which raises doubts as to whether they provide a meaningful basis for targeting resources, both geographically and otherwise. Several key sectors such as ICT, life sciences and financial services tend to be under-represented in the Valleys in particular, and the approach could simply reinforce the current distribution of these sectors rather than targeting those areas that are under-performing.

5. Turning to the need for an effective industrial strategy, the Alliance believes that the Welsh Government should build on the fact that half of the value of all UK exports still comes from manufacturing, which remains an important sector in Wales and the Valleys in particular. Specifically, an industrial strategy would:

- Provide an economic context within which industry can prosper;
- Provide an over-arching policy commitment to supporting industries such as steel, with a focus on nurturing anchor companies irrespective of whether they are in an selected growth sector or not;
- Build on public procurement as a tool to support Welsh industry;
- Encourage banks to provide long term support for industry – a key factor behind German manufacturing success;
- Fully exploit the Tier I Assisted Area status of West Wales and the Valleys to provide aid to industry, pending Brexit;
- Target resources at high level technical skills and build on the Welsh Government's Apprenticeship Programme
- Invest in infrastructure schemes that really matter to industry such as energy infrastructure, superfast broadband and sites and premises;
- Support new sectors where Wales may have a competitive advantage e.g. Tidal lagoon energy generation.
- Harness innovation through more support for R&D including financial support, advanced manufacturing centres/parks and the Catapult network.

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