

Through the lens of an Industrial Strategy.

1. The current position with regard to the signed Cardiff Capital Region and Swansea Bay City Deals and the next steps planned to take them forward

The Cardiff Capital Region and the Swansea Bay City Deal have the opportunity to transform the region and aid economic performance. For example re quote :-

“The signing of the Cardiff Capital Region City Deal signalled an intention by the UK Government, Welsh Government, and the ten Local Authorities to increasingly work together on issues of long term development, infrastructure, land use, economic development and employment. This important agreement provides a fresh start for the city-region and offers the possibility of an integrated, singular, and long term approach to the region.

We believe the long-term strategy for the region will include at least:

- Investment in education to improve employability and productivity.
- Fostering of employment growth across distinct skills and income spectrums.
- Infrastructure investment to integrate the region better and provide more opportunities.
- Development in the spatial economy that will see multiple locations of growth.
- Improvements in the quality of place and the range of institutions investing in improving the city and town centres.
- Fostering of emerging sectors of employment and new/young companies.
- Increasing governance integration in the city-region to combine efforts and leverage investment.”

Regional Economic Strategy

The Regional Cabinet has highlighted its intention to support skills and tackling unemployment, investing in innovation and connectivity and supporting enterprise and business growth, regeneration and housing.

In developing the Regional Economic Strategy, further work is being undertaken on the potential outputs and outcomes expected from the City Deal, which will develop on the expectations currently expressed of delivery of up to 25,000 new jobs and leverage an additional £4 billion of private sector investment.

Advisory/Consultative Bodies

The Regional Cabinet are currently establishing three advisory/consultative bodies to assist them in developing, articulating and delivering the Regional Economic Strategy:

- Business Organisation – to provide a strong business voice articulating the regional needs of business, identifying regional priorities for business support;
- Regional Skills and Employment Board – building on the current Employment and Skills Board and representing a wide range of stakeholders it will be responsible for the region’s skills and worklessness strategy; and
- Economic Growth Partnership – to advise on the overarching city-region economic development strategy.

EEF – Through the lens of an Industrial Strategy

The programme of City Deals and Regional Economic Strategies are attempting to resolve the many systemic issues/concerns we have in Wales.

The economic challenges facing Wales are of such an order that there has to be collective response that stimulates the Welsh economy, improves the competitiveness of Welsh business and delivers sustainable jobs.

The Welsh Government needs to ensure that the resources it has at its disposal are used in the most effective way. In order to ‘...foster the conditions needed to allow businesses to thrive.....’ and ‘..... reduce burdens on business and stimulate innovation and growth....’ , as stated in the Programme for Government, the Welsh Government needs to seek and act on the advice of business /academia / key stakeholders within an agreed strategic framework.

To achieve this for the long term we must understand and agree what are the systemic issues and the vision / common purpose to deliver a future state economy.

Systemic issues in Wales:-

Investments - Infrastructure / Inward Investments / indigenous Growth

Investment - Research and Development - Commercial Innovations

Investment in the Medium - Long Term to enhance our social capital - Improve Education Standards

Reduce - Unemployment / Youth unemployment - social justice to create sustainability.

A clear devolution structure/powers fit for purpose.

Improve public services / Procurement

Skills - More productive and Flexible workforce

Other Government Initiatives

1. Taking Wales Forward – (4)

The development of the Welsh Government’s wider strategic work on four cross-cutting strategies:

- a. Prosperous and Secure
- b. Ambitious and Learning
- c. United and Connected
- d. Healthy and Active

2. Well Being Future Generations Act 2015.

- a. A Prosperous Wales
- b. A Resilient Wales
- c. A Healthier Wales
- d. A more Equal Wales
- e. A Wales of cohesive communities.
- f. A Wales of vibrant culture and thriving Welsh Language
- g. A globally responsible Wales

EEF Route to Growth

Rebalancing the Economy.

Wales has a unique opportunity to rebalance the economy on a secure manufacturing base.

Many of the systemic issues we have in Wales are well understood but we lack the connectivity to provide a sustainable solution. A key component to addressing these concerns is through an industrial strategy which forms part of the wider economic strategy.

Methodology/Approach.

The basis for the identification of the challenges facing manufacturing and the defining of a balanced economy to achieve over an agreed period of time will highlight/demonstrate the absolute connectivity between government/industry/academia and key stakeholders. This focus will hold to account the delivery of key investments/initiatives towards future state and monitor effectiveness in terms of maximizing economic benefit to Wales. In an attempt to predict future changes and challenges, a number of initiatives can be undertaken which will make clear the Vision for future state manufacturing capability in Wales.

Outline approach:-

Align the Industrial Vision for Wales.

- Understand current state:- establish a baseline.
- Agree Future State:- Define:- “Building a balanced economy on a secure manufacturing base”.
- Timing Plan:- to be defined in 5/10/15 years.
- Conduct Gap Analysis:- Invite/setup an all stakeholder conference to lead and shared vision for Wales.
- Prioritisation of Initiatives/projects aligned with above.
- Agree measuring instruments for maximizing economic impact.

The above forms the basis of building on our capabilities and releasing the potential to invest accordingly.

Manufacturing in Wales

The shift in manufacturing focus and corresponding capability has honed the Welsh manufacturing workforce into a highly adaptive and responsive asset capable of learning, adapting and overcoming major strategic shifts in manufacturing. This is a key strength in our evolution towards a diverse sustainable manufacturing capability. As a result of this continually changing manufacturing landscape, significant strategic shifts and technological advancements will continue as manufacturing industry adjusts to the opportunities and threats that it faces today and in the future. The emergence of new manufacturing technologies, spurred by intense global competition, will lead to new products and processes. The identification and prioritization of these opportunities will provide Wales with New Industries.

Vision :-

A consistent long-term industrial strategy can help us make more of what we have and develop the growth drivers of the future. We must strive for better productivity, increased trade and more ambitious investment in new technologies. Government can underpin this by supporting Skills and higher skills, investing in infrastructure, lowering the cost of doing business and providing world class support for growing businesses.

Therefore EEF The Manufacturing Organisation is focused on :-

Our key Route to Growth is via 4 key ambitions as stated by our members.

Ambition 1. More companies bring new products and services to market	Innovation
Ambition 2. More globally focused companies choosing to expand in the UK	Commercialisation
Ambition 3. A lower cost of doing business	Competitiveness
Ambition 4. A more productive and flexible labour force.	Future Skills

By supporting these ambitions it is evident that the synergy through an overarching Industrial Strategy provides the connectivity to deliver and create sustainable employment.

Key considerations to align “**Systemic** issues with **Policy** and ensure **Connectivity**”.

The Economic Strategy should have 3 main elements :-

- The Economic Strategy must provide a clear vision for the kind of economy the Welsh Government is trying to create.
- A cross – government approach to work relentlessly to deliver the vision.
- Measurable benchmarks to track progress and a framework to ensure action is taken if we go off track.

Industrial Strategy alignment

In summary the UK Industrial Strategy is focused on 10 pillars of support namely:-

1. Investing in science, research and innovation
2. Developing skills
3. Upgrading infrastructure
4. Supporting businesses to start and grow
5. Improving procurement
6. Encouraging trade and inward investment policy
7. Delivering affordable energy and clean growth
8. Cultivating world-leading sectors
9. Driving growth across the whole country
10. Creating the right institutions to bring together sectors and places

Therefore we must consider the alignment of the key elements to provide sustainable growth with an Industrial Strategy. This will provide an opportunity to consider the powers and resources available in Wales and align to a future state aspiration and then conduct the gap analysis in provision to address both the shortfall and the root cause of the many systemic issues we have in Wales.

Route to Growth	Industrial Strategy
Ambition 1 – Innovation Helping companies bring new products and services to market	1. Investing in science, research and innovation. 7. Delivering affordable energy and clean growth
Ambition 2 – Commercialisation More globally-focused companies choosing to expand in the UK	4. Supporting businesses to start and grow 6. Encouraging trade and inward investment policy
Ambition 3 – A lower cost of doing business	<u>Gap analysis.</u>
Ambition 4 – A more productive and more flexible labour force	2. Developing skills 8. Cultivating world-leading sectors

Consideration via other Government Initiatives:-

3.Upgrading infrastructure

5.Improving procurement

9.Driving growth across the whole country

10.Creating the right institutions to bring together sectors and places

Gap analysis.

The above Route to Growth identifies a gap in provision re Lower Cost of Doing Business. This can provide an opportunity to look at Efficiency, Productivity, Value Engineering, Design for Manufacture, Industrial Engineering, Lean Benchmark etc. The Productivity Fund via Innovate UK provides a key support mechanism to engage to address our competitiveness whilst we go through this period of uncertainty.

Summary:-

An Industrial Strategy can provide the “glue” and the basis for forming long term decisions that will create a sustainable Economic Impact whilst addressing the many systemic issues in Wales by addressing and investing in the root cause of so many problems.

Building for the future – Industrial Strategy

Any strategy for the sector/region requires a process which not only clearly sets out a direction of travel but, more importantly, continuously reviews the steps required and resources needed to maximise economic impact from the sector in response to changes in the global marketplace. The aim therefore is to create a real time high-level Strategic Route Map for the sector supported by a series of detailed Tactical Implementation Plans which reflects the dynamic approach to strategy development espoused by the Manufacturing Sector. A Strategic Route Map will target five key priorities that deliver maximum impact for the sector by collectively providing Wales with a distinct competitive edge:

1. **Globalisation** – increasing trade, export and inward investment opportunities from existing and emerging markets
2. **Innovation** – encouraging and supporting R&D in innovative products and processes to increase and embed ‘intellectual capital’ in Wales
3. **Employment** – ‘future proofing’ education, skills, training and leadership to meet the demands of the 21st century manufacturing workplace
4. **Finance for Growth** – syndicating risk-sharing financial packages through a combination of public and private sector funding mechanisms
5. **Capacity Building** - targeting “investment” in indigenous, inward and strategic infrastructure and broad-access business improvement initiatives.

Without this alignment the key concern is we miss the opportunity to create building capacity and capability by localising and developing sectors / supply chains.