



Ein cyf/Our ref KS/01639/17

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Dear

Thank you for your email of 2 May regarding the Neath Area Economic Forum report.

I would like to thank you for the work you have personally led to bring together such a wide range of participants to develop this highly informative document, and also for your time at the constructive meeting we had in March to discuss the report's findings.

The report makes a timely and valuable contribution to the strategic work underway across Welsh Government. It resonates with our own thinking that economic development is not something separate from our wider actions, and recognises that co-ordinated interventions across a range of levers, including education and health, are the best way to support prosperity and growth. Given the relevance of this document to a number of portfolios, my officials have shared the report across Welsh Government, so that it can inform our strategic thinking more broadly.

Given the report is wide-ranging and detailed, I have restricted my comments to the broad themes related to my own portfolio and upon which there is alignment with my intended direction of travel.

### **Foundational economy**

The report's focus on developing the foundational economy fits well with our own views on the need to support those sectors which are important to every part of Wales, and which provide essential local services and employment within our communities. I have already stated my intention to establish a smaller number of foundational sectors, which the Welsh Government could take the lead in supporting right across the country. I believe a more intensive focus on the development of these sectors, for example health and care, will support their long term sustainability and help them to respond to future challenges and opportunities. A stronger focus on these sectors, which are typically more evenly distributed across Wales, will also target investment across the whole of the country, and support a fairer distribution of opportunity and wealth.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

## **Business support and indigenous business**

The report recognises the substantial contribution indigenous businesses make to the Welsh economy and, in particular, the value of mid sized companies to local supply chains and employment. Our strategic approach will target action to support the growth of our indigenous firms, and action to support more firms to grow into the middle and upper end of the SME range. This will include support to access overseas markets, effective access to finance and support with succession planning. The report's concern that access to finance is more difficult for indigenous companies is noted, and we are working to ensure our financial support offer is efficient, clear and easily understood. The establishment of the Development Bank of Wales will also help to address this.

## **Role of public bodies, local supply chains and procurement**

The report's comments on the role of public sector bodies to develop the local economy are another area where we are in broad agreement. It supports my own view that we need to change our economic development structures in government to work in closer partnership with regions. Our future approach to economic development will include a renewed focus on local and regional economies, and action to grow our regional economies by empowering each area to develop its own specialised sectors and more distinct economic identities.

I also agree that public sector procurement, and the use of social clauses, offer a significant opportunity to support local economic development and wider social benefits. Action to improve our understanding of the Welsh public sector's procurement expenditure, and to maximise the economic and social return on this investment, will be another feature of our new approach.

In addition, I am keen that we take the lead in a new economic contract with the wider public sector, private sector and other partners to stimulate sustainable growth and make Wales a better place to live. This contract will clearly set out the role of all partners, and our expectations of each other, to ensure each of us are playing our part in creating a Wales more prosperous and secure, not just today but for future generations too.

## **Supporting the workforce**

The report stresses the importance of supporting the workforce, and strong employment protections and workplace rights given the pressures tomorrow's workforce will face. This clearly aligns to our own thinking, and the First Minister has been clear that he wants Wales to be a 'fair work nation'. A country where everyone can access better jobs closer to home, expect decent, life enhancing work without exploitation or poverty, where we all build in prosperity and share in prosperity. We are committed to the pursuit of a fair work agenda to bring positive benefits and security to employees and employers.

The report highlights the need to focus on skills progression in the workplace, and for a better understanding of future skills needs in the labour market. Our Employability Plan includes action to ensure we are supporting individuals to develop relevant skills for the labour market, and will promote closer relationships between business and educational institutions to better anticipate skills most likely to be in demand. The Plan will also include action to support working individuals to remain and progress in employment.


## **Technological change**

I note the report's focus on technology, and the capacity of technology to create disruptive change and provide opportunities. I agree we need to support industries and businesses to develop future resilience, respond to challenges and capitalise on opportunities.

## **Investment in infrastructure**

The report points to the importance of good infrastructure, and the need for significant investment in digital and transport infrastructure. We recognise effective, connective infrastructure as a key driver of productivity. We will continue to take action to deliver an effective and affordable transport system that connects people and communities to jobs and services, and connects businesses to markets.

Thank you once again for the time, effort and thought you have put into this comprehensive report. I believe its findings and central recommendations will influence thinking across Government, with many of its core themes reflected in the strategic work to be published this summer.

*Yours ever,*  


**Ken Skates AC/AM**

Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith  
Cabinet Secretary for Economy and Infrastructure

