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# FSB Wales response to the Economy, Infrastructure and Skills Committee

Valleys Taskforce

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**Ff/T** 029 2074 7406  
**E** wales.policy@fsb.org.uk  
**W** fsb.wales

**C/A** 1 Cleeve House,  
Lambourne Crescent,  
Caerdydd, CF14 5GP

**Swyddfa Gofrestredig | Registered Office:**  
National Federation of Self Employed and Small Businesses Limited,  
Sir Frank Whittle Way, Blackpool Business Park, Blackpool, FY4 2FE

**Cofrestrwyd yn Lloegr Rhif | Registered in England:** 1263540



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## About FSB Wales

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 Wales welcomes the Economy Infrastructure and Skills Committee's inquiry into the role and performance of the Valleys Taskforce. This is an agenda into which FSB Wales has had significant input in the last 18 months. The role of helping to provide a strategy for economic development and entrepreneurship in the valleys and tackling the long-term issues in these areas is a matter of great concern to FSB members. In our view, this examination by the Committee is helpful in that it allows for a conversation about the longer-term strategy and scaled up initiatives that could now be developed from the lessons learned by the Valleys Taskforce.

These lessons could inform approaches elsewhere in Wales where there is a benefit in drawing together communities of actors, networks and resource to address particular spatial, economic, societal and geographical challenges. It would be beneficial for this to be particularly considered in any review of this activity.

*The Committee should take into account the following note of interest: FSB Wales' Policy Manager Joshua Miles is an expert member of the Valleys Ministerial Taskforce since August 2019. As such, he has not been the lead in developing this response, but his input and insight have helped shape FSB Wales' response.*

- **To what extent is the Valleys Taskforce benefitting Valleys communities?**

FSB Wales believes that the Valleys Taskforce is having benefit for Valleys communities. However, the level of success is difficult to quantify in a general manner and has to be seen in reference to the role the Valleys Taskforce is being asked to fulfil.

In terms of measuring success, it is important to be realistic about the scale of the challenge and the limited contribution that the taskforce can make to address this challenge in the short-term. The issues of post-industrial deprivation, lack of grounded firms, and longstanding inequalities of life chances are well documented and will not be solved by a single taskforce over the course of a single Assembly term.

As such, the principal benefit thus far has been around policy innovation and building a valleys brand for existing Welsh Government programmes in delivery. As the Taskforce nears the end of its tenure the challenge will be to properly evaluate what has taken place, to learn from programmes that have succeeded and to scale up interventions to address the issues facing valleys communities over the longer-term.

- **Are the Taskforce's specific policy initiatives delivering successful outcomes that will help create sustainable growth and reduce poverty?**



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The evidence for this is mixed, and it is too early to say for many initiatives that are still in their early stages.

Of the initiatives that have been going since the start of the process (the Valleys Regional Park, the Business Wales activity) the evidence looks positive. As the statistics in the progress report for the first year's activity show:

- 1,000 economically inactive people living in the Valleys Taskforce area have started work through Welsh Government-led employment programmes since September 2016;
- Nearly 1,000 people and small businesses have been helped through advice and business support, and more than 100 new enterprises have been created within the Valleys Taskforce area during 2017-18;
- More than 5,000 apprenticeship programme starts by those living within the Valleys Taskforce area in the 2016-17 academic year;
- Between May 2017 and May 2018, 21 offers of Business Finance support have been accepted by businesses in the Valleys Taskforce area; and
- Between April 2017 and May 2018, the Business Wales advisory and accelerated growth services have:
  - Helped 996 individuals and small businesses;
  - Created 112 new enterprises; and
  - Invested £10,639,222 in enterprise.

These statistics look good as a general overview. There is a question on the first point of how many of those economically inactive would have been supported through government intervention in any case (as these could be pegged to nation-wide actions). More information on how many of these jobs were focused on the valleys themselves or the nature of those jobs in relation to job quality would be useful.

The arrival of a new Deputy Minister in 2019 meant a refresh of the themes late last year. We welcome the refresh and the themes covered in the new approach are by and large the correct ones. However, it does in practice make it harder to analyse the success or failure of interventions given a shift in emphasis, which has meant new initiatives have had to be formulated in the last 6 months and are yet to be delivered.

FSB Wales particularly welcomes the inclusion of the foundational economy as a theme for the taskforce and we are pleased to see the agenda moving forward in this area. More specifically in relation to the foundational economy, as outlined in the Delivery Plan 2019-21, the three areas it will look at are:

- Testing new and innovative approaches leading to a strong community of practice; to stimulate debate and learning on what works.
- Spreading and scaling best practice starting with realising social value in procurement with the associated support for strong local supply chains.
- A renewed focus on Government's economic interventions to increase the number of grounded firms, particularly a strong base of medium sized Welsh firms.

These projects are just beginning to be rolled out. We believe these areas are the right areas to look at, but given these are still relatively new there is little time to start delivery on this. Moreover, that time will clearly be more limited by the current coronavirus pandemic's effect on



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public life. It is therefore important to focus on the learning possible to scale up for the next Welsh Government to take forward and to apply a longer-term timeframe to the approach.

- **Is the Taskforce targeting its activities and projects in areas of the Valleys which most need it?**

As noted above, the project refresh re-evaluated some of the focus from strategic hubs that would be used to channel funding towards a more thematic approach.

There has been much debate around the role of hubs and whether they have brought the geographical focus necessary. Hubs were created to anchor investment in fewer but more substantial areas to provide a catalyst. To our knowledge, they applied only to 'Vibrant and Viable Places' funding and its successor Targeted Regeneration Initiative (TRI) funding.

Recently, Welsh Government have de-emphasised the hub approach as those chosen seemed to be done so based around local administrative boundaries.

Focusing activity on key areas is probably a good thing to avoid spreading the benefits too thinly, and it is important with policy initiatives as the focus that these can be tested properly at the right scale to then be scaled up if successful. Clearly, the siting of projects should also follow where anchor institutions can be sustained in the longer term.

For instance, the procurement pilots are to be centred on public service boards. Similarly, there is a subgroup on the A465. This approach of focusing on specific areas within the valleys is one that we would support.

However, we feel it could go further. For instance, the next Welsh Government may wish to consider whether interventions around procurement and the foundational economy could be focused on specific towns that have anchor institutions of enough scale to support local wealth building through procurement. Similarly, one could adopt a property strategy for the entire Valleys area that looks to develop SME starter units and office space in key valleys towns in order to create critical mass. This could be done in partnership with the two city deals.

- ***In July 2019 the Deputy Minister for Economy and Transport announced the Taskforce would focus on seven priority areas and the Taskforce area was extended to include the Gwendraeth and Amman Valleys. The statement can be found [here](#). What has been the impact of the changes to the Taskforce's priorities? Has it made the Taskforce more or less effective?***

The shift to seven areas and sub-groups has brought substantial benefits. It has more depth to the work than appeared to be the case in the past and has broadened the scope of involvement from the Taskforce itself into sub-groups around each particular theme. The inclusion of the Amman and Gwendraeth valleys seems rational given their economic and cultural outlook. As with all initiatives, there are bound to be some contested boundaries, but this appears a sensible inclusion. This is particularly true given the area including the valleys has multiple definition depending on which frame of reference is used, be it cultural, topographical or economic.



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- ***How well is the Taskforce working with, and adding value to, other economic development initiatives in the Valleys?***

Our experience of this so far has been good. Business Wales seem to have been brought in well, and the foundational economy themes appear to be well integrated into the economic development conversation happening elsewhere. Welsh Government is currently moving towards a regional way of working. Our understanding is that the chief regional officers are involved in the Valleys Taskforce from a civil service perspective, however it is not yet clear whether their regional plans match up with interventions led by the Taskforce and vice-versa.

Similarly, there appears to be significant engagement with the Cardiff Capital Region City Deal on the Taskforce's projects. Our understanding is that representatives of the City Deal are formally involved in the Taskforce's meetings, and are variously involved in the sub-group meetings including the Foundational Economy Sub-Group and the A465 Sub-Group. There is positive engagement here in terms of senior personnel, leading to many programmes that are considered together such as the Valleys Regional Park and the Empty Homes Grant. This has been effective but may be somewhat ad-hoc, and there is room to look at how these different structures strategically align and are complementary in their aims and objectives.

There is much weaker alignment between the Taskforce and the Swansea Bay City Deal at present, and the articulation of the Western Valleys is weaker owing to this. However, this is likely due to the Swansea Bay City Deal being less developed than its South East Wales counterpart. There is no reason similar links could not be developed once the South West deal is properly established and undoubtedly, to ensure that this should be an issue of priority for both the Taskforce and the Swansea Bay City Deal.

In any future developments, to ensure that projects such as the Valleys Taskforce are able to draw on as much resource as possible, it is important that this local/regional activity fit within wider agendas, such as the city deals, and the Western Gateway, as well as the emerging themes emerging from UK Government. The current consultation document on 'Regional Framework for Investment for Wales' is a good starting point for looking at coordinating and aligning development work across different governance spaces, and it is important that this approach is taken for future work arising or scaled up from the Valleys Taskforce. The framework looks to balance and read across local autonomy and decision making, with devolved planning and projects, as well as with cross border and international activity, and it is important to align these to get the best value for money and the most capacity possible for any future iteration of the Valleys Taskforce.

Whatever the shape of funding and finance post Brexit and the role of the Shared Prosperity Fund, it is vital that UK Government and Welsh Government work together and align how the national, regional and local economic development agendas can work together, complement and reinforce one another. This principle should underpin all work across all levels of governance.

- ***To what extent has the Taskforce considered gender equality in its work streams, and are you content with the approach to measuring outcomes?***

It is not entirely clear to our view how far gender equality or indeed other areas of inclusion have been effectively wound into the work streams of the Taskforce. However, there have been efforts



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to promote and support female entrepreneurship under the banner of Supporting Female Entrepreneurship Action Plan launched by Welsh Government last year and Valleys Institutions including University of South Wales have played a leading role in pushing that forward. More needs to be done to ensure more inclusive networks within the Valleys areas to ensure that they are truly inclusive and promote and nurture entrepreneurship and business ownership across areas of society which have traditionally not been well supported or which have felt excluded.

- ***What potential approaches could the Welsh Government take in its forthcoming economic strategy for the Heads of the Valleys, and which specific actions or policies should be included in this?***

As noted, the role of anchor towns would be key to the sort of initiatives that may be useful in driving entrepreneurship, and in developing the 'missing middle' and grounded firms in the Valleys.

We have been working on ideas based around the difficulty of medium sized firms being able to get affordable access to suitable properties, and so would look at developing small business parks to address this, linked to particular anchor towns. This is an issue that we hope to explore further and will share any suggestions we have with the Committee once they are available.

- ***Which additional short-term measures could be adopted to deliver positive outcomes for Valleys communities before the Taskforce disbands in March 2021?***

We would not add to taskforce's workload for this Assembly term, as there are many initiatives still in operation, or getting started. As such, the present focus should be on implementation and evaluation for learning for future policy initiatives, and an analysis of which projects have been successful and are scalable, to provide clear recommendations for the next Welsh Government. There is a real danger, particularly in the current testing economic climate, of commitment to additional measures that may be difficult to deliver within the available timescales.

- ***How should the Taskforce's work be taken forward after it disbands in March 2021? Which workstreams should be prioritised by the Welsh Government, and to what extent is a change in approach required?***

As noted, the Valleys Taskforce can only achieve so much in one Assembly term, and this is particularly so for the projects initiated during its refresh in 2019.

The problems the taskforce is addressing are longstanding and require action over a generation. The next Welsh Government should focus on evaluation of what policies have worked, and scaling up what has worked over a much longer period, in order to make a strategic attempt at implementing a process of regenerating the valleys over a span of decades, not years.

The organisational driver to do that will need to be decided by the next Welsh Government – it need not be a taskforce, but it could be something like an arm's length agency, or could even flow from the proposals in local government reform to create statutory regional bodies. There could be existing organisational structures to peg initiatives to and policies that have worked (for



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example around organisational structures within Public Service Boards' for procurement if it is deemed a success).

The main point here is that there needs to be a much longer-term commitment to addressing specific issues that do not over promise in the short term, but rather looks to the potential successes to scale up and make a real difference to these issues over the longer term.