



By email

31st August 2021

Dear Paul,

I would like to thank you for the opportunity to respond to the consultation on the Committee's priority areas during the next Senedd term. Several of my recommendations and commentaries below are relevant to other Senedd Committees, but I wanted to flag them to you too because efforts should be made across Committees to integrate respective areas of work. Better integration of policy areas will ensure collective scrutiny, the ability to identify implementation gaps and offer solutions across the Senedd's work. You can find my letters to other Committees [here](#).

I would also like to suggest to you and to other Committees a cross-cutting area, which can be looked at jointly and in collaboration by some, or ideally all, Senedd Committees: Skills for a Green Recovery. A prosperous, equal, green recovery from the impacts of COVID-19 means delivering good quality livelihoods to all, whilst supporting rapid decarbonisation and improving biodiversity. This is reliant on having the right skills and training for our population. This is an area my own team has recently explored, and you can find our latest publication [here](#).

In May 2020, I published the first ever [Future Generations Report](#), which considered the progress made by public bodies in implementing the Well-being of Future Generations Act. It also set out the actions and recommendations public bodies should adopt as they further implement the legislation. I have highlighted for the Committee below the relevant findings and recommendations of the report for your consideration (Annex 1). I would encourage all Committee Members to consider the report and in particular the Sections on [A Prosperous Wales](#), [Skills for the Future](#) and [Decarbonisation](#). I would further encourage the committee to consider its remit across within the context of all well-being goals.

As economy is one of the dimensions of sustainability and well-being, it is a common thread that runs through a lot of our work and is touched upon in many sections of the Future Generations Report, so you may also wish to look at the Executive Summaries of the Sections for [A Globally Responsible Wales](#), [A Wales of Cohesive Communities](#), [A More Equal Wales](#), and [Planning](#).

I would also suggest you consider the [upcoming second iteration of the Future Trends Report](#), which will be published later this year by Welsh Government. Annex 2 below provides you with some of the relevant future trends which could impact the Committee's remit.

I would also advise all Committees to consider how their chosen priority areas align with the well-being objectives and steps within the published [Programme for Government](#).

I have highlighted the relevant findings and recommendations, which emerged from my work, to help the Committee select the specific areas they will focus on during the next Senedd term. My team and I would be happy to meet with Committee Members or clerks to discuss this further, if you think that would be useful.



Economy and Trade

The economy is expected to go through significant change as a result of the pandemic, a permanent restructuring – based on population behaviour shifts globally, across the UK and here in Wales. While the pandemic, coupled with Brexit, has presented significant challenges, it has also presented us with a once-in-a-generation opportunity to reset Wales' economy and ensure our approach to the pandemic recovery improves all dimensions of well-being – social, cultural, economic and environmental.

Wales was once heralded as the nation at the heart of the first Industrial Revolution – it is now time for Wales to mark out its leadership not only through a 'Green Revolution' but through a new approach to well-being economics, and by showcasing a government which focuses on long term joined-up policy making. Welsh Government have committed to implementing the recently published [Economic Resilience and Reconstruction Mission \(2021\)](#) within their Programme for Government, which sets out a mission to:

"...create a Wales in which enhancing social, economic, environmental and cultural well-being are our driving purpose, delivering a prosperous, green and equal economic recovery that recognises the utmost importance of investing in people and places."

Following the Future Generations Report, my team has undertaken significant work into what a green and just recovery for Wales may look like.

The findings that emerged through this work include:

- Our perceptions of 'poverty' must shift. While the unemployment rate in Wales remains at historically low levels, over half the people living in poverty in Wales today are in work.
- There is a mismatch between levels of existing employment and potential; the level of job creation is significant compared to existing numbers. Funding to deal with this shortfall is insufficient to cope with demand and scale.
- Over 60,000 jobs could be created in the green economy by 2022 with infrastructure investment. However, the current skills pipeline is not prepared for this demand.
- We are not acting quickly enough to reduce greenhouse gas emissions; although emissions in Wales have fallen by 31% compared to the 1990 baseline the target for 2030 is 63% which will require significant cuts across all sectors in the next decade. The IPCC's recent report (August 2021) was described as 'code red for humanity'.
- Regional growth deals, businesses and others must demonstrate how their investments are reducing emissions and contributing to Wales' well-being goals and the well-being objectives set by their constituent public bodies - these also provide an opportunity to grow skills and industry in the 'green economy'.
- Public bodies and Public Services Boards have a really important role to play in shaping their local economies, setting appropriate objectives and steps in partnership with local communities to ensure local buy-in.
- Over half of Wales' emissions are currently derived from the power and industry sectors so decarbonising these sectors will have significant impacts on people and communities. The emerging



work of the South Wales Industrial Cluster provides an interesting case study for the Committee to follow and to learn from.

- Growing and emerging industries in Wales are disproportionately filled by white males. Existing inequalities could increase if they are not addressed now. See info graphic below.
- People are staying in work and learning for longer, as Wales' population is getting older. Our education and skills system needs to adapt and take advantage of this for society and the economy. Lifelong learning needs to become the 'new norm' but this will be challenging as this area has seen a [50% reduction in funding across the UK](#) since 2010, which has impacted upon Wales. In 2019, Wales recorded its lowest ever rates of adult participation in learning. Over the last decade, the number of people studying for a second degree has fallen from 36,000 to 13,500. The number of people enrolled in Further Education has fallen by 43% in Wales since 2012.
- Wales will need to plan effectively for the EU transition period and beyond and ensure our relationship with the World beyond Brexit is based on positive shared values. The Well-being of Future Generations Act is proving to put Wales on the map in terms of thought leadership and demonstrating a model of progressive governance for the future.

Based on my existing advice and work, I would encourage the Committee to consider focusing their work on economy around the following themes:

- **Delivering an urgent and just transition to a low carbon society that works within its environmental limits**
- **Take advantage of new environmental industries in Wales and improve alignment and action towards the nature and climate emergencies, including supporting a National Nature Service.**
- **Investment is needed in skills, training and sector development that are low carbon and lock wealth and jobs into local areas.**
- **Delivery of Welsh Government's commitment to a well-being economy as outlined in its Economic Resilience and Reconstruction Mission (2021) which includes a focus on delivering a prosperous, greener, equal economy for Wales.**
- **Plan and prepare for how technological breakthroughs will change the way we live and work**
- **Ensuring people can secure decent, fair work and how the Social Partnership Bill will help deliver this**
- **Supporting inclusive local economies in particular how procurement can be used in this way. Please see the findings and recommendations from my [Section 20 Review](#), the Government's response and my further letter to the Minister for Finance and Local Government.**

More detail and advice in relation to the economy can be found in the Sections on [A Prosperous Wales](#), [A Globally Responsible Wales](#), [Skills for the Future](#) and [Decarbonisation](#) in the Future Generations Report; my recent analysis of Skills, [Skills through Crisis: Upskilling and \(Re\)Training for a Green Recovery in Wales](#); my paper, '[A Fit For the Future Programme for Government](#)'; and my recent report on financing a national retrofit programme, [Homes fit for the Future](#). In September, I will also be publishing a report on future trends in relation to inequalities, which may be of interest to the Committee.

It is also important that the work of the Centre for Digital Public Services builds on the contents of the above reports including the findings from [Welsh Governments' Digital Innovation Review \(2019\)](#).



Rural Affairs

In relation to rural affairs, my advice, findings and recommendations can be found in the Sections on [A Prosperous Wales](#), [A Wales of Cohesive Communities](#), [A Resilient Wales](#) and [Decarbonisation](#) in the Future Generations Report. There are also references and findings related to improving digital access in the above sections, as well as in the section on [Skills for the Future](#), which is particularly relevant when discussing connectivity in rural Wales.

My findings in these chapters, and from involvement, include:

- Agriculture and land use has a significant role to play in reducing Wales' emissions. The voluntary approach that has been pursued so far for agriculture is not delivering reductions in emissions.
- There is recognition of the role unsustainable agricultural management plays in the lack of biodiversity in our natural environment - there are key policy developments in progress which support sustainable land management
- Economic growth has become unbalanced, and many communities across Wales are being left behind.
- Digital connectivity has the potential to transform the rural economy, helping people and communities in rural areas address. During the pandemic, I called on [Welsh Government to make broadband a "key public service or utility" in Wales](#).
- There is concern about the effectiveness of the Rural Exception policy.
- Depopulation and an ageing society in remote rural areas are also resulting in local services becoming less viable, whilst digital services could provide a part of the solution, problems with broadband connection in rural areas hinders this.
- Finding innovative ways to improve public transport in rural areas is key to enable young people to access skills and training opportunities
- The housing crisis is particularly acute in coastal areas and can mean that people are unable to find a home in their own community. This impacts Welsh language communities and maintaining public services in rural areas. Housing is also an issue for transient populations, which effects the agricultural sector, for example migrant farm workers who are unable to find accommodation and are living in vans.
- The nature of work in many rural and coastal communities is highly seasonal.
- Rural areas are losing graduates because they aren't 'sector ready' for the jobs that exist in rural areas.
- Mental health and suicide in rural areas has been flagged as particularly acute due lack of access to services, isolation, and pressures on the farming community due to Brexit.

I would encourage the Committee to carefully consider these findings and use them to inform their priorities and work in relation to rural affairs in the next Senedd term.

You may also be interested in some of the case studies of good practice that I have been collecting, which are available [here](#).

Once again, I would like to thank the Committee for the opportunity to feed into their priorities for the next Senedd terms. Should you wish to discuss any of the above points in more detail, please do not hesitate to contact my team at ContactUs@futuregenerations.wales.



Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Sophie Howe'.

Sophie Howe
Future Generations Commissioner for Wales





Annexe 1

Relevant Recommendations from the Future Generations Report 2020

A Prosperous Wales

Key Recommendation:

In line with the Well-being of Future Generations (Wales) Act (2015), Welsh Government should demonstrate how they are applying well-being economics in all of their policy, funding arrangements and interactions with the public, private and voluntary sector. Welsh Government should ensure they are meeting the Act's aspirations of equitable distribution of wealth, health and well-being, while protecting the planet's resources for future generations and other species

Policy Recommendations:

Welsh Government should:

- Ensure everyone in Wales has access to reliable digital and internet connectivity; and work with businesses, voluntary organisations and communities to help achieve this.
- Put in place arrangements to provide practical support to businesses across Wales, working closely with the public sector and the Office of the Future Generations Commissioner, to jointly work towards meeting Wales' well-being goals.
- Adopt a whole government approach and work collectively with businesses, trade unions, the voluntary sector, communities and people across Wales to implement a low carbon society for current and future generations that leaves no one behind.
- Demonstrate how the natural environment is incorporated into all economic and political decision-making.
- Align the Foundational Economy Challenge Fund with the proposed Social Partnership (Wales) Bill that is seeking to strengthen social partnership arrangements.
- Explore opportunities to pilot a four day working week, aligned with universal basic income, building on evidence gathered from pilots in other countries.

Process Recommendations:

In their day to day actions Welsh Government should stop:

- Perceiving economic growth as being solely about Gross Domestic Product or Gross Value Added.
- Seeing low carbon technology as expensive and high risk.

In their day to day actions Welsh Government should start:

- Incentivising businesses to report on wider well-being, rather than just outputs and numerical outcomes.
- Framing the narrative on climate change as a wider well-being and economic activity.
- Continuing and embedding the supportive policy environment for the foundational economy.

Skills for the Future

Process Recommendations:

In their day to day actions Welsh Government should stop:

- Providing funding for businesses without requiring them to contribute towards the national mission on education and skills for the future.
- Measuring success by economic well-being alone.
- Measuring school and university performance on economic value and assessment results and instead move towards measures of well-being.

In their day to day actions Welsh Government should start:

- Providing support to Regional Skills Partnerships to develop long-term insight and require their Regional Employment and Skills Plans to demonstrate how they are applying the Act and integrating their work with the well-being objectives of public bodies and Public Services Boards in their area.
- Implementing the recommendations of the 'Wales 4.0 Delivering Economic Transformation for a Better Future of Work' to plan and prepare for the impact of technological change on work and skills.
- Encouraging public bodies and Public Services Boards to get us closer to carbon reduction targets, by accelerating government support for growing new sectors, alternative energy businesses, emerging engineering processes, product design and waste management to lead the way in a 'green economy'.

Decarbonisation

Key Recommendation:

Welsh Government should set out a long term investment plan of how they will fund the climate emergency and support more ambitious commitments and targets for sectors within their control. (see related recommendations in Transport and Housing chapters)

Policy Recommendations:

Welsh Government should:

- Assess the carbon impact of their spend, especially capital spend, and should also publish details on the overall carbon impact of their budget and major investment/infrastructure decisions.

Process Recommendations:

In their day to day actions Welsh Government should stop:

- Encouraging carbon intensive agriculture.

In their day to day actions Welsh Government should start:

- Securing investment for a national retrofit programme to improve the energy efficiency of Wales' housing stock.



A Globally Responsible Wales

Process Recommendations:

In their day to day actions Welsh Government should start:

- Conduct human rights and gender equality assessments of all trade policies and agreements and ensure all investments are ethical.

A Wales of Cohesive Communities

Policy Recommendations:

Welsh Government should:

- Support public bodies to deliver a more integrated approach to service delivery in rural areas.

You may also find the recommendations in relation to leadership and cultural change in Welsh Government and Public Bodies of interest. You can find these recommendations [here](#) and [here](#).



Annexe 2

Future Trends to Watch

Skills and Employment:

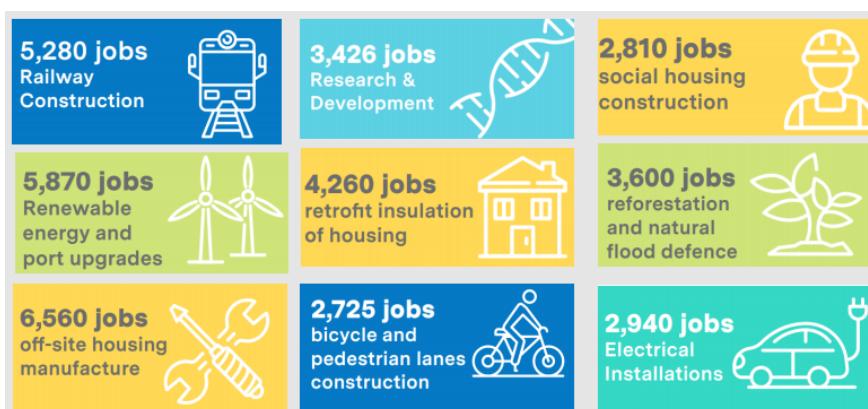
- The median gross weekly earnings for fulltime employees in Wales is [£537.8 per week](#) (2020), the second lowest across UK nations. The gender pay gap in Wales is [7.7%](#).
- Over the past two decades, the Welsh economy has seen an industrial [shift away from production industries towards service industries](#).
- The pandemic has increased existing inequalities - nationally, the unemployment rate has reached [8.5% for BAME workers compared to 4.5% for white workers](#).
- Employability and skills programmes have experienced [reduced funding](#). In line with industrial trends, they have been targeted towards sectors of today rather than sectors of tomorrow.
- [63% of those newly unemployed in the UK in 2020-21 are under 25](#). Approximately 26,802 young people were unemployed in Wales as of Dec 2020.

Low Carbon Economy:

- Wales' low carbon economy is currently estimated to consist of 9,000 businesses, employing 13,000 people and generating [£2.4 billion turnover in 2016](#).
- Total emissions from the agriculture sector in Wales declined by [12% between the base year \(1990\) and 2016](#).
- Wales's ecological footprint, at [10.05 million global hectares](#), is roughly five times the size of Wales.

Future Predictions:

- The Chief Economist says unemployment in Wales could peak at around [114,000 people in 2021](#) - double pre-crisis level of 55,000.
- Investment in key infrastructure projects in green industries and nature restoration could create [45,000 direct jobs and over 60,000 indirect jobs by 2022](#), including:



- [65% of children entering primary school today](#) will go on to do jobs which do not yet exist.



- The 'green economy' is expected to grow, with roles in manufacturing, agriculture, construction, energy and transport.
- Moving to [100% renewables in Wales](#) can increase energy security, reduce fuel poverty and tackle climate change.