

## ETRA COMMITTEE

8 JUNE 2023

### MANUFACTURING FUTURE FOR WALES: ACTION POINTS

#### Introduction

The initial Manufacturing Action Plan (MAP) was launched in February 2021, following extensive consultation with stakeholders, underpinned by the seven objectives of the Well-Being of Future Generations Act (Wales) 2015. It has provided a framework which has fostered collaboration and helped coordinate Welsh Government support with a manufacturing focus. It has framed our work to decarbonise industry including establishing Net Zero Industry Wales, and our Net Zero Skills Action Plan. We have seen our flagship Advanced Manufacturing Research Centre (AMRC) Cymru thrive and activities like WRAP Cymru and our Toyota Lean Clusters programme help businesses to increase productivity and reduce waste by embedding circular economy and lean principles.

The Plan was a 10-year endeavour, but we recognised that local, national, and global events could necessitate revisions. Two years on from the launch, the manufacturing sector has faced major challenges: global competition, a technology explosion, new trading arrangements with the European Union, the COVID-19 pandemic, a Climate emergency, the soaring cost of energy, delays caused by shipping problems which have disrupted global supply chains, raw material shortages, price increases and serious issues with labour availability. It was, therefore, time to revise and refresh the plan. The refreshed Manufacturing Action Plan was published on May 2. <https://www.gov.wales/manufacturing-future-wales-framework>

The following summarises some of the progress made against the original plan.

#### **1. Continue to monitor the impact of this plan on equality of opportunity and embed it in all aspects of the work.**

We have several plans at various stages of development that encompass our complete commitment to the pursuit of equality. These include the Strategic Equality Plan 2020-2024. Under the Specific Duties contained within the Equality Act 2010, the Welsh Government is required to produce a Strategic Equality Plan (SEP). Within this are 8 Equality Objectives, underpinned by several measurable actions relating to the 6 domains of 'Is Wales Fairer?' (2018).

The very real impact of the COVID-19 pandemic on disabled people was made clear through a report originating from discussions at the Welsh Government's Disability Equality Forum: 'Locked Out: Liberating disabled people's lives and rights in Wales beyond COVID-19'. The Report is structured around 5 main chapters, namely: the 'Social versus the Medical Model of Disability'; 'Human Rights'; 'Health and Well-Being'; 'Socio-economic Disadvantages' and 'Exclusion, Accessibility and Citizenship'. In response to the findings, we have established a Disability Rights Taskforce, to determine what further action needs to be taken to remove the inequalities faced by disabled people. Priority areas have been identified and these

include access to services, affordable and accessible housing, employment and income, independent living (including health, well-being, and social care) and increasing understanding of the Social Model of Disability

Actions around skills and fair work will impact this area and we are looking at statistics specific to the manufacturing sector, which help us measure progress. In terms of statistical analysis, we are at a relatively early stage of the plan.

**2. Commission a Welsh manufacturing capability and mapping survey to inform a PESTLE and SWOT analysis of the community.**

See point 3.

**3. Undertake a gap analysis of specific products that are in high demand in Wales and that could potentially be manufactured in Wales.**

Wavehill Limited were commissioned in 2016 to carry out a 'health check' survey of the manufacturing sector in Wales, exploring opportunities, challenges, and behaviours over a range of topics including business strategy, trade and export, skills and innovation.

They were re-appointed in 2022 to provide an update on the manufacturing sector including trends over the past 6 years, and to explore new topics such as decarbonisation and digitalisation (Industry 4.0). The findings from this study informed the roundtable discussions with Industry, Academia and Unions and the eventual refresh of the plan. Work continues to identify product areas where there are further opportunities to localise supply and this is addressed in the actions around supply chain mapping and the foundational economy.

**4. Progress work to further localise supply in areas such as food and PPE to increase the capability of indigenous businesses, including those in the Foundational Economy**

See comments under points 10 & 11.

Brookdale Consulting was commissioned to undertake a public sector wide food survey to identify supply voids with potential for developing local supply capability. Initially, this information is informing work to drive up the proportion of local produce for consumption in support of the Universal Provision of Free School Meals. On a broader perspective, the data developed through Brookdale Consulting is informing development of a strategy for public procurement of food. The aim of which is to maximise the amount of locally produced food which makes its way onto public sector plates.

Plans are being developed to analyse future investment plans for housing and transport decarbonisation so that future demand for products can be mapped against current local supply capability. This work will inform future supplier development work to ensure that there is a cadre of suitably qualified local businesses, so the economic and social impact of these investments is optimised for Wales.

Welsh Government's Commercial and Procurement team has put in place procurement arrangements which enable public bodies to open opportunities for engaging local uniform and garment producers. We are actively promoting use of this arrangement to key public sector purchasers.

**5. Use lessons learned from the Foundational Economy Challenge Fund projects, to develop support for indigenous businesses, including those in the Foundational Economy**

Lessons learned from the Foundational Economy Challenge Fund projects has informed the development of our approach to introducing the Backing Local Firms Fund.

Local food suppliers are supported with funding to cover the costs of food hygiene safety accreditation, essential for engaging in public and private sector supply arrangements.

Pilot work undertaken in the housing sector has identified an approach which helps connect registered social landlords (RSLs) with hard-to-find local businesses. Through this short pilot, Caredig Housing association was supported to find five new, local contractors which are now engaged in their optimised retrofit programme. The lessons learned from this approach are being considered with a view to scaling up across a larger number of RSLs.

Almost fifty residential care homes have been provided with grant funding to invest in low carbon, energy efficient products. Most of the products supplied have been installed by local contractors and we will evaluate this grant scheme to identify opportunities for further growing capability for local manufacture of these products.

**6. Review the key stakeholder map and categorise engagement (Informing / Consulting / Participating).**

Stakeholder engagement was reviewed as part of the refresh and a Revised Delivery Group along with Industry, Academia and Union stakeholder involvement is being considered.

**7. Focus on the two drivers of company performance; strategy and execution - the strategic choices which are made, and the subsequent organisational structure and mobilised resources to deliver the strategy. Consider the role of risk for both omission and commission of strategic choice.**

See point 6.

**8. Build communities of best practice with leaders across the manufacturing sector who are prepared to share with others and to learn from bodies such as MIT. Include channels to exemplar services such as the Leaders Forum and Academi Wales with a focus on the impact on the well-being of the citizens of Wales.**

See point 6.

**9. Benchmark our manufacturing performance against best practice of comparable regions in the UK and globally. Use this data to inform the development of support packages to improve productivity and competitiveness.**

Some of this has been done through the health-check survey of the sector which identified areas of strength and opportunities for us to target our support. For example, the survey identified the importance of productivity and energy efficiency, particularly in relation to dealing with the cost of energy. The Toyota Lean programme has supported 160 participants across 50 companies so far. We intend to expand on this by commissioning a desk-based benchmarking program which will benchmark against the six strategic objectives in the updated MAP. This will help identify areas where we need to undertake more detailed analysis.

**10. Identify which products, raw materials and components are vital to the well-being of Wales and look at how we can secure supplies and shorten supply chains in the event of a global emergency such as the COVID-19 pandemic.**

We have identified priority areas and are commissioning supply chain mapping work in this area. See 11 below.

The work to develop a public sector food strategy will support identification of critical food lines where there is potential to localise production and establish resilient chains which can withstand the impact of global crises.

**11. Undertake supply chain mapping to identify the voids that become promotable opportunities. Target promotion to new investors in specific areas.**

For the manufacturing sector, we have completed the first phase of a discrete piece of work on supply chain mapping to better understand existing supply chain capability, resilience, and anchoring opportunities. This was focussed initially on developing an online platform based on predominantly public data sources, establishing a baseline of existing companies operating across several manufacturing sub-sectors: *Renewable Energy, Housing, Healthcare/Life Sciences, Construction, Food & Drink, Transport, Defence and public procurement.*

In the updated MAP we have retained this action on supply chain mapping to progress with phase two which will build on the initial work in several areas:

- We will expand the database to include all companies operating in Wales (including those with headquarters elsewhere) and include additional datapoints (including financial information) to enable more detailed analysis.
- We will pilot this tool on a several specific projects to help map supply chains and look for opportunities to shorten supply and build capability, particularly in areas of future opportunity like Floating Offshore Wind.
- We will ensure compatibility with Sell2Wales so that the platform is searchable using the Common Procurement Vocabulary (CPV).

In the food sector we have funded supply chain mapping in Monmouthshire, focused on Monmouthshire's food resilience programme. This has enabled them to develop intelligence, down to ward level, of current food production capability/capacity. It also helps inform potential for the council to work with these businesses to adapt or change their produce based on future demand opportunities. This approach can be replicated across Wales.

Work is in hand to develop a public sector wide food procurement strategy which will build on work undertaken by Brookdale Consulting which has analysed public sector food spending across Wales. The strategy will help identify opportunities of sufficient scale which could incentivise existing and new suppliers to develop local capability.

#### **12. Target promotion to new investors in specific areas.**

As part of our ongoing supply chain mapping work, we are identifying major projects and areas of spend, and will be using this data to promote opportunities for new investors.

#### **13. Take into account the recommendations of the Brown Review on clusters together with information from the manufacturing capacity and capability survey and use the data to identify Wales' strengths and identify priority clusters.**

We have launched 'Wales Innovates: Creating a Stronger, Fairer, Greener Wales'. This new Innovation Strategy will prioritise those things that will have the biggest impact for Wales, targeting our support in line with specific 'missions'. Our approach will focus on four key areas: Education, Economy, Health and Well-being, and Climate and Nature. An Innovation Action Plan will be developed, setting out a small number of goals in each mission area, actions we will take along with partners, short, medium, and long-term milestones and measures.

#### **14. Establish a pan Wales network between clusters to share best practice and collaboration.**

Our industry forums (including Industry Wales) provide a vital and effective role bringing together relevant stakeholders across a range of clusters. For example, Technology Connected works closely with the semiconductor cluster in Newport, and Industry Wales and Make UK (Wales) work closely with the High Value Manufacturing Catapult network across the UK.

#### **15. Address the needs of manufacturing when planning the delivery of premises for businesses.**

New commercial building stock plays an important role as a catalyst, encouraging occupiers to invest in new plant and machinery to improve productivity.

To help address these challenges, the Welsh Government's Property Delivery Plan targets delivery of 300,000sqft per annum of new employment floorspace and investment ready employment sites in priority locations across Wales. Over 800,000sqft of new premises and 125 acres of investment ready sites are either

completed or in progress through a combination of direct intervention, grant support to the private sector and collaborative working with public sector partners.

In addition to the availability of the 'right' sites or premises, we must consider how companies can expand and diversify from their current sites as well as adapt premises to become more energy efficient, reduce carbon and support out wider aspiration to achieve Net Zero by 2050. Future Wales and Planning Policy Wales set out our national approach to supporting sustainable growth in all parts of Wales.

A tangible example of this is the Ty Du development site owned by Welsh Government south of Nelson (Caerphilly, South Wales). A major scheme to undertake enabling highways infrastructure works, including installation of services and estate roads was successfully completed on the site in 2019. This prepared the whole estate for residential and commercial development, including the provision of affordable homes and was funded through the Welsh Government's Strategic Employment Sites programme and the European Regional Development Fund (ERDF).

The second phase of the wider development at Ty Du site is Whitebeam Court which was completed in 2021 as a joint venture partnership between Caerphilly County Borough Council and Welsh Government. The units were part-funded by ERDF through the Welsh Government and the joint venture partners Caerphilly County Borough Council. The 11 units at Whitebeam Court, located in four terraces, have attracted quality businesses and are all occupied. This development is an example of creating the necessary infrastructure businesses need, as set out in the Property Delivery Plan.

The Property Delivery Plan, which seeks to provide property infrastructure for businesses across Wales, recognises the widespread market failure in the industrial sector with high levels of occupancy, strong demand and limited supply of floorspace. To date the Property Delivery Plan has enabled over ½ million sq ft of new employment premises and over 130 acres of investment ready sites for business.

**16. Focus on the needs of manufacturing when planning transport improvements, energy infrastructure, circular economy infrastructure and communications infrastructure.**

As per point 15, this is part of the strategic approach to planning in Wales set out in Future Wales and Planning Policy Wales.

While freight and logistics are not devolved to Wales, this sector is hugely important to the socio-economic well-being of Wales. The National Transport Delivery Plan (2023) sets out our intention to work closely with the UK Government and the key sector bodies to address some of the major issues in Wales through a new strategic plan for Freight and Logistics. This will help address the needs of manufacturing when planning transport improvements.

**17. Look at planning requirements for companies wishing to expand, diversify or start up. This will include use of local development orders, permitted development and use of areas for public good.**

Roundtable discussions have identified several issues relating to planning which are being addressed.

**18. Work with food producers in Wales and the cluster of food packaging companies based in North Wales to use the Advanced Manufacturing Research Centre Cymru as a centre of food packaging innovation, linked to new supply chain opportunity in the Welsh Agri-economy.**

Welsh Government has invested £2m in AMRC Cymru which has enabled them to establish a Food and Drink Packaging Sustainability Centre. This will become a hub for the uptake of emerging technologies and materials in the food and drink packaging supply chain.

Welsh Government has procured the Food Cluster Network for an additional two years. The network will be focusing on encouraging collaborations across the whole supply chain, and ensure producers work with other Welsh Government initiatives.

We are also working with Food Innovation Centres and other academic partners to ensure that the services they offer align with the needs of the Food and Drink Industry in Wales.

**19. Analyse public sector procurement spend in Wales, including supply chains, to identify opportunities for Welsh manufacturing.**

We are using public procurement spend analysis to inform our actions on supply chain mapping. This is one of a several data sources being used.

**20. Provide policy, guidance, tools and training (such as TOMS) to the Welsh public sector so that procurement practice supports sustainable Welsh manufacturing and achieves greater social value.**

The Welsh Public Procurement Policy Statement clearly lays out our policy to encourage greater sourcing in Wales and consider social, economic, environmental and cultural value when making procurement decisions.

An updated Wales Procurement Policy Statement was published in March 2021, setting out the strategic vision for public sector procurement in Wales. The statement embeds the Well-being of Future Generations Acts goals in procurement practice and sets out ten principles for procuring well-being for Wales which include maximising long-term sustainable social and economic value outcomes from public spend (Principle 1) and using Welsh public sector buying power to support local businesses through local-focussed procurement strategies (Principle 5).

A range of Wales Procurement Policy Notes have been published which set out information, guidance, and best practice for the Welsh public sector. These include WPPN 07/21, which encourages Welsh public sector bodies to reserve low value

tenders for small and medium-sized enterprises (SMEs), voluntary, community and social enterprises (VCSEs), and suppliers in specific geographical areas.

The Sustainability Risk Assessment is a tool that is available to the Welsh public sector which encourages users to think about and improve their sustainable procurement. The tool is designed to help public sector buyers to take a life cycle thinking approach to procurement that considers all aspects from raw materials used to end of use, disposal and waste. In so doing, it supports the WPS to meet the Sustainable Development Principle of the Wellbeing of Future Generations Act (WFGA) 2015.

A range of food procurement resources was published in November 2022 to develop public sector capability to embed approaches which support delivery of local economic and social value. The 'Buying Food Fit for the Future' resource brings together several pieces of work, including:

- 'Values for Money: public sector food procurement in Wales' produced by Professor Kevin Morgan of Cardiff University, provides an expert perspective on public sector food supply in Wales. The recommendations contained in the report address some key issues being faced currently in the food system which, if collectively addressed, will lead to positive outcomes.
- 'Harnessing the Purchasing Power of the Public Plate: A Legal Guide to Embedding Sustainability into Food Procurement for a Healthier, Wealthier Wales', provides some useful myth-busting and clarity to encourage more innovative and creative approaches in food procurement. This can help increase the supply of local, sustainable food within the confines of the Public Contract Regulations 2015 and help achieve the Wellbeing of Future Generations goals.

Whilst these resources were developed for food procurement, the principles are transferrable. We can promote these in the context of procurement which support the manufacturing sector.

**21. Develop and rollout to the public and private sectors a responsible / ethical approach to procuring raw materials and components for products manufactured in Wales so that all of our manufacturers are 'globally responsible'.**

The Social Partnership and Public Procurement (Wales) Bill has completed its process of legislative scrutiny in the Senedd and will, primarily through its socially responsible procurement duties, have an indirect impact on manufacturers in Wales. The procurement duties are closely linked to the Well-being of Future Generations (Wales) Act 2015 and place a particular focus on contract management and supply chain management. Work is already underway to develop regulations and statutory guidance to support the legislation.

**22. Address the challenges and opportunities that arise from leaving the EU single market by modifying the support provided to ensure supply chain resilience.**



See 19 supply chain mapping work.

**23. Continue to monitor the impact of this plan on Welsh language and culture and modify the actions in the plan to respond to changing needs.**

We are looking at which data sources we can use to monitor progress in this area, this will require long term measures to accurately reflect the impact.

**24. Bring together research, development and innovation support and utilise our investments in facilities like AMRC and ATRC to help future proof our manufacturing community.**

AMRC Cymru has been incredibly successful in fostering more collaborative research and embedding Industry 4.0 technologies and processes within our manufacturing companies. AMRC has supported Airbus's world leading future wing technology programme and more than 30 SMEs across 16 projects.

A major SME digital enablement program is currently in the pipeline that will support a further 60 manufacturers over the next 18 months. The 'Ffatri 4.0' project is one example of the real value this support is delivering. It is a collaboration between AMRC Cymru, Airbus and Welsh food and drink companies (The Pudding Compartment and Hensol Distillery), using digital tools to create the 'factory of the future', improving efficiency in production, and reducing energy costs and carbon footprint to deliver the Welsh Government funded BITES programme.

**25. Work collaboratively to promote opportunities for the manufacturing sector in Wales to use our facilities and the materials collected to reuse products and re-manufacture and manufacture more from recycled content.**

A joint programme of work is being undertaken to introduce a UK-wide Extended Producer Responsibility (EPR) scheme for packaging. The scheme will make those responsible for placing packaging onto the market pay the full net costs for waste management activities once the packaging has been used. The intention is for fees to start being raised from businesses in 2024.

Between 2019 and 2022, WRAP has worked in collaboration with more than 20 partner organisations, including Welsh businesses, to deliver four supply chain projects. The projects set out to overcome the commercial and technical barriers to using more post-consumer recycled materials in Welsh manufacturing of durable medical and construction products, household items, and hazardous materials containers. The trials sought to demonstrate the economic and environmental benefits of shifting to a more circular approach. [Previous Supply Chain Projects | WRAP \(wrapcymru.org.uk\)](https://www.wrapcymru.org.uk)

Three new trials have recently been commissioned [New Supply Chain Projects | WRAP \(wrapcymru.org.uk\)](https://www.wrapcymru.org.uk)

Wales, along with England and Northern Ireland will also be introducing a Deposit Return Scheme (DRS) for drinks containers in 2025.

## **26. Promote the key benefits of process innovation, knowledge transfer and research, development and innovation funding.**

Welsh Government has a well-rounded approach to promoting innovation and knowledge transfer, including an Innovation newsletter (15k subscribers), an Innovation Twitter account (10k followers), a quarterly journal promoting science and technology activity ([Advances Wales](#)), supporting overseas delegations, conference activities and engagement with EU innovation programmes like the [Vanguard Initiative](#).

Since 2021 to date, WG has supported 76 SMART R&D projects in its manufacturing Grand Challenge areas (Advanced Engineering & Materials, ICT and The Digital Economy, Life Sciences and Health, Low Carbon Energy and Environment), with £4.6m funding and total project costs of £9.8m.

In February 2023 we launched 'Wales Innovates: Creating a Stronger, Fairer, Greener Wales', the result of extensive consultation across government, industry, social partners, and wider stakeholders. We recognise that we cannot do everything and must prioritise those things that will have the biggest impact for Wales, targeting our support in line with specific 'missions' noted in point 13.

## **27. Promote the benefits of commercial collaborative research, development and innovation undertaken in Wales by utilising the network of Wales, UK and international funding routes.**

The mission-based approach will enable us to play a convening role, supporting our innovation ecosystem to develop larger, more coordinated, and compelling RD&I propositions.

Since FY 20/21 Wales has leveraged £194m from Innovate UK across 428 business-led R&D projects and 102 academic led projects in Wales. WG co-funds strategic innovation projects e.g. [SPECIFIC](#) at Swansea University, which has unlocked over £500k from UK Research Councils and c.£2m from the University.

## **28. Work collaboratively to build on existing and forge new partnerships in order to establish an ecosystem that includes: national and international funders; industry; research institutes; NHS Wales; the education and training sector; and other government agencies like the regional partnership boards.**

This will help make the most of funding available to us as Wales competes for UK funding to replace previous support from EU Structural Funds. Welsh Government will provide targeted support where there is a particular need or opportunity for Wales.

As noted in points 13 and 26, Welsh Government launched *Wales Innovates in February 2023*. We are currently working on developing a collaborative Action Plan for the Strategy.

## **29. Work to secure additional research, development and innovation funds.**

Another key component of driving RD&I in Wales is how we get the most from our assets such as AMRC Cymru, which has been incredibly successful in fostering more collaborative research and embedding Industry 4.0 technologies and processes within our manufacturing companies. AMRC has supported Airbus's world leading future wing technology programme and more than 30 SMEs across 16 projects. A major SME digital enablement program is currently in the pipeline that will support a further 60 manufacturers over the next 18 months.

Further work is referenced in point. 27.

**30. Address the loss of talent by funding joint endeavours between a number of different partners, including national laboratories, public sector research establishments and major public services such as NHS Wales.**

As noted in points 26, 27, 28, and 29, we are funding and supporting several joint endeavours with partners. This is further outlined in our Innovation Plan, 'Wales Innovates'.

**31. Develop further innovation and continuous improvement support for Welsh manufacturing.**

One example of the real value this support is delivering, is the 'Ffatri 4.0' project as noted in points 24 and 26.

AMRC Cymru is operated by the University of Sheffield's renowned AMRC, part of the High Value Manufacturing Catapult and serves as a powerful magnet for inward investment and skills development which drives regional economic growth. The AMRC is a hub of world leading research directly supporting 120 global industrial partners of all sizes to be more productive, develop better products, utilise better processes and shift to a low carbon economy. This includes the likes of Boeing, Rolls-Royce, BAE Systems and Airbus, as well as SMEs across the country critical to global supply chains.

In addition, with funding from the Welsh Government, WRAP has developed and recently updated a user-friendly Circular Materials Mapping Tool for Wales – a useful resource for Welsh stakeholders across the plastics, paper, and wood value chains. It provides an interactive, visual representation of the extent of Wales' plastics, paper, and wood sectors, plotting business locations and helping to identify where there are clusters. Technical support has also been provided by WRAP to Welsh businesses to apply circular economy principles.

**32. Review and undertake a step change in investment in research careers for public and private sector industrialists, clinicians, clinical academics and in doctoral, post-doctoral and career scientist awards schemes.**

See points 46,47,48,49, 50 and 51.

**33. Establish new mechanisms that recognise, encourage and reward ‘visionaries’ and ‘champions’ of applied research, development, innovation, and exploitation.**

See points 46, 47, 48, 49, 50 and 51.

**34. Establish new national laboratories, new public sector research establishments and new public/private partnerships to support these ‘visionaries’ and ‘champions’ of the future.**

See points 46, 47, 48, 49, 50 and 51.

**35. Take forward the commitment in the Export Action Plan to establish export clusters to build capacity and capability for exporting.**

The Export Cluster initiative was launched in September 2021 and is one of the key initiatives in the Export Action Plan for Wales. In addition to the existing Food and Drink cluster, new export clusters have been established in key exporting sectors including MedTech and Diagnostics; Consumer Products; Technology; High Value Manufacturing; and Renewables and Clean Energy. Around 300 companies have signed up, with each cluster bringing businesses together to share their knowledge and experience and focus on specific areas to overcome barriers to exporting.

During 2022-23, twenty-four successful exporters across Wales (‘Export Exemplars’) have been showcased to inspire other businesses to take up exporting. We have also supported our businesses through the signature Explore Export Wales conferences in North and South Wales.

To assist in building capability, we have enhanced our online support for exporters through the Export Hub and our International Trade Advisor team continues to work with companies to build their export capability. During the period to the end of February 2023, more than 1,200 meetings were held with companies to develop their export business and six export clusters with over 280 member companies were fully operational, developing businesses’ export knowledge, enabling peer to peer support, and building effective networks in key sectors. We have supported over 230 export projects through the International Trade Development, International Trade Opportunities and Overseas Business Development Visit Programmes, as well as delivering 24 overseas trade missions from San Francisco in the west, to Japan in the east.

**36. Identify key new legislation driving more recycling and less landfill including, for example, new extended producer responsibility requirements for all packaging.**

Two consultations have been undertaken. In November 2022, a consultation was held on the Workplace Recycling reforms that will require businesses, the public, and third sector to separate recyclable materials in the way the majority of Wales’s householders already do. This will further support waste reduction as well as improving the quality and quantity of recyclable materials, realising significant carbon savings, and delivering positive benefits for the economy. The reforms will come into force on 6 April 2024.

Delivering the programme of work to introduce Extended Producer Responsibility consists of several interrelated projects to ensure producers become responsible for disposal and recycling costs. This will not only incentivise waste reduction, but also make a significant contribution to tackling the climate and nature emergency.

Following the publication of the final scheme design in March 2022, in collaboration with the other UK nations, an extensive programme of stakeholder engagement has been undertaken to support businesses to prepare for the introduction of the Extended Producer Responsibility scheme for packaging in 2024/25

In parallel, the design of the Deposit Return Scheme for drink containers was published in March 2023. The DRS will aim to increase the amount of drink containers which are recycled, tackle littering, and encourage re-use.

See also point 25.

### **37. Use the Circular Economy Fund to help companies to support this work.**

The Circular Economy Fund (CEF) was launched initially as a 3-year, £6.5m pilot scheme, in April 2019 to help Wales move towards a Circular Economy through capital investment in equipment. Delivery of the first 3-year pilot of the scheme ended 31<sup>st</sup> March 2022.

During this period, the CEF developed dynamically to respond and adapt to emerging priorities and significant events like the COVID-19 pandemic. This saw the scope widened over the three years. For example, to support the production of new raw materials derived from waste recyclate (e.g. plastic pellets), some grants were awarded to companies to produce higher quality plastic pellets and to improve the quality of the recyclate used in its products. In total the fund attracted 114 applications from businesses over the three-year period. 21 projects were supported following a rigorous assessment process against the requirements of the scheme.

See also point 25.

### **38. Promote new opportunities for funding from the UK government's programmes including the IETF and the Offshore Wind Sector Deal.**

It is important to recognise the vital role that Innovation plays in transitioning to a circular economy in manufacturing. The Welsh Government's innovation strategy, 'Wales Innovates' notes that: 'moving to a circular economy is one of the great innovation opportunities of our time'. The strategy outlines the need for substituting high carbon, energy-intensive materials with sustainable, low carbon, resource-efficient ones.

### **39. Work collaboratively to promote exemplar organisations, who have embraced decarbonisation and resource efficiency, sharing best practice across Wales in order to achieve short term "wins"**

We have many businesses here in Wales which are already at the centre of positive changes in manufacturing processes. For example: Seda UK in Blackwood are providing sustainable solutions for McDonald's amongst others; Mainetti in Wrexham

is re-using and re-manufacturing a million coat hangers a day; and Frugalpac recently opened a manufacturing facility in North Wales to produce a recyclable coffee cup.

WRAP has produced a number of reports, case studies, events and published articles to promote exemplar organisations, including those who took part in four supply chain trials [Innovations in Recycled Content Applications | WRAP \(wrapcymru.org.uk\)](https://wrapcymru.org.uk)

Case studies have also been produced on businesses supported through the previous Circular Economy Fund for business, administered by WRAP: [Circular Economy Fund: JC Moulding Case Study | WRAP \(wrapcymru.org.uk\)](https://wrapcymru.org.uk)

#### **40. Work with manufacturers to understand the best approaches to achieve decarbonisation including consideration of technologies such as hydrogen and CCUS.**

In March 2022 we announced the creation of Net Zero Industry Wales (NZIW) which will drive essential collaboration between industry, academia, and government to accelerate our journey towards Net Zero.

NZIW will take forward the work of the South Wales Industrial Cluster who launched their Plan in March 2023. The plan is the culmination of extensive work over two years, involving over 30 organisations including Rockwool, RWE, Celsa Steel, Dragon LNG, ABP, Tata and Valero. The Cluster Plan sets out a vision and headline steps that offer the potential for industry to transition to a Net Zero future. We will work through NZIW to understand more about the findings of the Cluster Plan and how we can work together on the journey to Net Zero.

#### **41. Work collaboratively to promote opportunities for the manufacturing sector in Wales to use our facilities and the materials collected to reuse products and re-manufacture and manufacture more from recycled content.**

We published *Beyond Recycling* (Mar 21) - a strategy to make the circular economy in Wales a reality. Wales is a world leader when it comes to recycling, and we have announced our highest ever rate at 65%.

#### **42. Accelerate our engagement with manufacturing companies on the economic contract to understand what measures they are taking to reduce their carbon footprint.**

As part of our commitment to the Net Zero Wales Plan, Business Wales will work with businesses in Wales (particularly SMEs) to incorporate energy efficiency, resource efficiency and new low carbon technologies into their workspaces and manufacturing facilities and develop new ways of working. This will be reflected in the Economic Contracts signed.

#### **43. Support a consortium of Welsh universities and industry partners to progress proposals for new strategic investments to be made in the core**

**areas of software development, artificial intelligence, data and cybersecurity creating a National Software Academy, a new National Cyber Security Academy and the Wales Data Nation Accelerator.**

The Digital Strategy for Wales recognises how automation and digital innovation can create new opportunities to improve our public services and help our businesses and economy thrive.

In the financial year 2021-22, the Welsh Government funded £500,000 for the Wales Data Nation Accelerator. It enabled 22 proof of concept 'sprint' projects to be delivered which demonstrated how the Wales Data Nation Accelerator could operate on a national scale and offer wider benefits to our public services and the economy.

We are now supporting the Wales Data Nation Accelerator to explore a variety of funding sources for its future activity. Officials have already collaborated with colleagues in academia and the wider Welsh public sector, linked to the development of several AI bids to various UKG funding bodies in recent months.

We have directly awarded investment of £3 million in the [Cyber Innovation Hub](#). This is alongside £3 million from Cardiff Capital Region and a further £3million from Hub partners. The Hub, led by Cardiff University, brings together industry, government, defence, and academic partners to grow the Welsh cyber security sector. It is creating a coordinated approach to skills, innovation, and new enterprise. It will train more than 1,500 individuals with cyber security skills, create more than 25 high growth companies, and attract more than £20 million in private equity investment by 2030.

**44. Align research on data security with industry need and support manufacturing businesses and people to adopt digital technologies in job redesign through regional hubs.**

Manufacturing is of strategic significance to Wales. Our Cyber Action Plan was launched in May 2023. It recognises how different sectors need to understand how cyber affects their distinct circumstances and to foster a culture of awareness and preparedness.

It sets out a clear vision that Wales prospers through cyber resilience, talent, and innovation. The Plan is about how people, businesses and public services can be secure and resilient in a modern, online world. It articulates how cyber, as an industry of the future, can support the growth of our economy.

The Plan contains four priority areas – to grow our cyber ecosystem, to build a pipeline of cyber talent, to strengthen our cyber resilience and to protect our public services.

See also points 46,47,48, 49, 50 and 51.

**45. Provide support through upskilling and reskilling in response to job redesign.**

See points 46,47,48, 49, 50 and 51.

**46. Work closely with the Regional Skills Partnerships to identify regional priorities for skills and employability across the manufacturing sub sectors.**

We commissioned the four Regional Skills Partnerships to produce three-year employment and skills plans to cover 2022-25. These have been completed and are available to view on-line on their websites. The plans identify regional manufacturing priorities. There will also be an annual refresh of plans which will be submitted to Welsh Government in Autumn 2023.

**47. Continue to review the apprenticeship framework and pathways to ensure they support the manufacturing sector.**

Both points above are informed by the work of the Regional Learning and Skills Partnerships which collate extensive labour market intelligence and engage with a wide range of stakeholders to define the skills requirements unique to each part of Wales. They have all just renewed their Employment and Skills plans, setting out the priorities for the next three years which will help target the wider skills and education offer.

Apprenticeship frameworks and pathways are reviewed on a regular basis to ensure that they continue to meet industry needs. For 2023-24 we have scheduled development specifically for Level 2 - Improving Operational Performance and Levels 2 and 3 - Process Manufacturing.

**48. Establish an overarching body to co-ordinate STEM activities in Wales and bring stakeholders together.**

This body has been established.

**49. Work with Careers Wales and DWP to address and develop Gatekeepers' knowledge of STEM career pathways to stimulate interest in manufacturing careers in line with CWRE guidance.**

The Equality in STEM Board, chaired by the Minister for Social Justice, provides strategic direction to improve equality in STEM-related study and careers in Wales. The board oversees the Equality in STEM Education subgroup which has the overarching vision for Wales be a nation where there are no barriers to accessing STEM opportunities at all levels of education.

To support career awareness and development, Careers Wales (a wholly owned subsidiary of the Welsh Government) undertake a range of activities to showcase the world of work to schools.

Careers Wales provide opportunities for learners, their teachers, and in many cases their parents, guardians and/or carers, to meet and interact with employers from a wide range of sectors. These opportunities allow employers, including STEM employers, to provide real world insight and inspiration to potential future employees and helps to inform, inspire, and motivate young people about their career opportunities.



The Careers Wales Education Business Partnership uses a wide range approach, including:

- Careers fairs
- Alumni
- Employer vlogs and videos
- Visits to employer premises
- Careers carousel and employer networking days
- Specific workshops (for example, interview hints and tips or mock interviews)

Careers Wales are linked to every secondary school across Wales and support a constantly evolving network of local employers. They help to broker mutually beneficial relationships between schools and employers to realise the benefits outlined for all concerned.

The Careers Wales website has a whole range of information including:

<https://careerswales.gov.wales/plan-your-career/features/british-science-week-2023>

**50. Build on the existing industrial engagement interventions and careers inspiration for learners from all backgrounds in compulsory education, by capturing modern manufacturing technologies. This will include people with disabilities, women, young people and ethnic minorities.**

The Careers Wales website has a whole range of information that is relevant for all learners from all backgrounds, including:

<https://careerswales.gov.wales/plan-your-career/features/british-science-week-2023>

<https://careerswales.gov.wales/my-future>

Careers Wales facilitate large-scale careers fairs, including STEM, Choose Your Future, Welsh in the Workplace, What Next and a virtual Career Discovery Week, for primary schools (Feb) and secondary schools (June/July). These events can involve up to 50+ employers and 2,000 young people and do involve STEM employers.

**51. Build on existing work to establish a programme of visit 'blocks' to capture modern manufacturing technologies, and extend these experiences beyond young people to teachers, careers advisors and parents.**

The Knowledge Transfer Programme provides Further Education Institutions with support to bring in expertise from across the technical and vocational sectors to support the development of the teaching workforce. This can involve workshops, lecture series, or work placements. The aim is to provide the workforce with knowledge and understanding beyond their existing skills to influence the curriculum and enhance both the professional development of the workforce, and the experience and understanding of learners.

**52. We will step up our approach to encouraging employers to see the business benefits of engaging constructively and in social partnership with trade unions, recognising the contribution this makes to a more committed and productive workforce.**

We have produced a short Welsh Government guide that provides further information on what fair work means in practice; why promoting fair work is beneficial for organisations, workers, and wider well-being; and how organisations can implement fair work.

**53. Ensure fair work is considered in collaborative work between government, industry, trade unions and academia.**

See point 57.

**54. Promote the economic contract and code of practice on ethical employment in supply chains in all procurement activity.**

The Social Partnership and Public Procurement (Wales) Bill which has now completed its process of legislative scrutiny in the Senedd will, primarily through its socially responsible procurement duties, have an indirect impact on manufacturers in Wales. The procurement duties are closely linked to the Well-being of Future Generations (Wales) Act 2015 and place a particular focus on contract management and supply chain management.

**55. Use every lever available to promote fair work outcomes across the manufacturing sector.**

Work is already underway to develop regulations and statutory guidance to support the legislation. We recognise that employers are in competition to recruit, develop, and retain the workforce they need. Fair work is part of any business' armoury in that endeavour. Part of that requires a genuine commitment to workforce equality, diversity and inclusion, and the use of the Welsh language.

**56. Expect all companies receiving funding through contracts and grants to sign up to the ethical employment in supply chains code of practice.**

In addition to the hundreds of businesses that have engaged with us in the Economic Contract so far, more than 400 employers have signed up to the Welsh Government's Code of Practice on Ethical Employment in Supply Chains. Signatories to the Code agree to comply with its commitments to support ethical employment practices and tackle modern slavery. We want to raise awareness of the Code and encourage as many manufacturing businesses as possible to become signatories so that the benefits can be felt right across their supply chains.

**57. Work with industry and trade unions to identify, promote and share best practice case studies of fair work, particularly those which demonstrate a link between fair work and improved business performance.**

Earlier this year, we published a fair work progress report ([link below](#)) and many of the actions we are progressing are relevant to the manufacturing sector. We continue to use the Economic Contract as an important business relationship tool which covers a range of responsible business behaviours that include fair work.

We actively promote our Code of Practice on Ethical Employment in Supply Chains. The Code contains 12 commitments relating to addressing unethical and unlawful practices such as blacklisting, false self-employment, unfair use of zero hours

contracts, as well as consideration of paying the real living wage. Over 500 organisations from a range of sectors have signed up to the Code.

In addition to the ethical and well-being case for fair work, we are also keen to promote the business benefits. We want to champion fair work through strong manufacturing role models and compelling and inspirational case studies that showcase fair work to the sector and beyond. This is an area that we are determined make real progress on over the course of this year.

[Fair Work Commission recommendations: progress report 2023 \[HTML\]](#) | [GOV.WALES](#)

### **58. Support sectoral engagement to understand the type of business support needed by Welsh manufacturing.**

Business Wales provides information, advice, and guidance to support individuals to progress opportunities to start a business, along with support for existing entrepreneurs, micro and SMEs to develop their business practices, improve productivity and stimulate business growth, in an inclusive and sustainable way.

Since 2016, Business Wales has supported over 6,500 individuals to start a business and helped existing businesses create over 30,000 jobs, of which 16% are categorised in the advanced manufacturing and food manufacturing sectors. Through dedicated resource efficiency and employment and equalities support, 4,700 businesses have improved practices or adopted new approaches to sustainability and equalities.

In May 2018 we launched the Economy Futures Fund (EFF) which consolidated several existing funding schemes into one fund to offer a consistent approach. It simplified the process for business and allowed us to be more flexible in how we use the resources at our disposal to best meet business need.

### **59. Negotiate economic contracts in the manufacturing sector to improve anchorage in Wales linked to the Wales 4.0 journey.**

Our Economic Contract remains the cornerstone of Welsh Government support for Welsh businesses. The Contract is underpinned by our Economic Mission and seeks to drive socially responsible business practices.

We continue to improve the Contract and make it an even more powerful and valuable tool to drive social value from public investment. A refreshed Economic Contract was rolled out in January 2022 with revisions to the four key pillars that support our wider ambitions for a well-being economy. Businesses receiving Welsh Government support must provide detail on the steps they will take to support our wider objectives for the benefit of the whole of Wales across the four pillars: economic strength and adaptability; fair work; promotion of well-being and low carbon and climate resilience.

### **60. Take a balanced approach of both organic growth and inward investment that encourages companies to move vital decision-making functions to their Welsh facilities.**

We continue to support multi-national manufacturers and producers such as Tata and Airbus whilst at the same time encouraging and helping smaller indigenous businesses.

The Regional Economic Frameworks for Mid Wales and South West Wales set out a shared vision for our regional economies, highlighting our regional strengths and key assets as drivers of sustainable growth. The draft Regional Economic Framework for South East Wales, which includes Newport East, has identified the development of key growth clusters as a priority including semiconductors in south east. In North Wales, the Regional Economic Framework underpins our engagement with industry with a focus on renewable and decarbonisation energy projects as a result of numerous proposed large-scale investments in the offshore wind, tidal energy and hydrogen energy sectors occurring in the region.

The Development Bank has an established track record of working with and supporting the manufacturing sector in Wales. Operating a wide range of funds relevant to businesses at different stages of their development and growth, the bank can provide loans or equity investments ranging from £1,000 to £10 million with repayment terms up to 15 years. Within this offer the Green Business Loan Scheme offers a package of support to enable Welsh businesses to tackle energy efficiency and decarbonisation action. Since 2018, the bank has made more than 320 distinct investments in manufacturing companies totalling more than £62m, creating or safeguarding over 4,300 jobs.