



Eich cyf/Your ref
Ein cyf/Our ref VG-PO-0274-23

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Chair
Economy, Trade and Rural Affairs Committee
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10 August 2023

Manufacturing in Wales – one-day inquiry

Dear Paul,

Thank you for your letter of 6 July following my attendance at the Economy, Trade and Rural Affairs Committee meeting on 8 June to discuss manufacturing in Wales. Responses to the questions raised by the Committee in your letter are set out below.

What is being done to set out a clear timescale for delivery of the action points with an identified ‘lead owner’?

The ten-year timescale set out in the first Plan in 2021 was indicative and reflected the long-term nature, scale, complexity and interdependency of many of the actions. It was always envisaged that the Plan would need to be reviewed periodically to take account of changes in the local, national and global landscape. Since it was published the sector has faced major challenges: global competition, new trading arrangements with the European Union, recovering from 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 issues with labour availability.

When we published the initial Plan, it specified a lead owner and timescale for each action. However, in discussions with stakeholders in the development of the refresh this was found to sometimes be confusing to an external audience as individuals, teams and delivery structures change over time. As such, this information was not included in the refreshed Plan to help streamline engagement through the primary policy lead department. However, like the initial Plan each action does still have clear ownership and delivery timescales assigned, with each lead also a member of the Delivery Group. This is chaired at Senior Civil Service level by the Deputy Director for Industrial Transformation and Foundational Economy and is responsible for the effective

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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.

implementation of the Plan and coordination of respective activities in line with the strategic objectives across all relevant departments. I have included this for your information at Annex 1.

What is being done to monitor the impact of the plan and create a clear read-across with other related plans?

At a strategic level, the six objectives in the Plan set out a clear vision of the direction we want to go in and what we want the manufacturing sector of the future to look like. The plan is multi-faceted and includes a range of related plans, programmes, projects and wider activities which play a part in realising this vision. Many have their own discrete timescales, milestones and metrics which are reported on individually and a key role of the Delivery Group is to bring together the leads for each of these activities to work collaboratively and look for opportunities to deliver maximum collective impact against each of the six objectives. This includes (but is not limited to):

- Net Zero Wales Strategy
- Net Zero Skills Action Plan
- Carbon Budget 2 (2021-25)
- The Wales Transport Strategy 2021
- Optimised Retrofit Programme
- Future Wales – The National Plan 2040
- Electric Vehicle Charging Strategy for Wales
- Brighter Futures / Careers Wales
- Working Wales
- Wales Innovates: Creating a Stronger, Fairer, Greener Wales
- Digital Strategy for Wales
- Cymraeg 2050 Welsh Language Strategy
- Anti-Racist Wales Action Plan
- LGBTQ+ Action Plan for Wales
- Transforming Wales through Social Enterprise
- Export Action Plan for Wales

In addition to monitoring the specific activities, it is important that we can make an informed judgement on whether the Plan is delivering successfully for the manufacturing sector in line with the six objectives and our definition of 'High Value' manufacturing that makes a positive social, economic, environmental and cultural impact. This means we cannot define 'progress' in simple terms of job creation or increased GVA but must consider how manufacturing as a sector contributes to our national aspirations under the Well-being of Future Generations (Wales) Act 2015. While this is indeed more difficult, we have made a commitment within the Plan to develop a mechanism to do this and have already commissioned a piece of work which is developing an approach to monitoring progress, underpinned by benchmarking against global best practice. This will sit alongside the six objectives as part of a proactive and consistent dialogue with industry and wider partners to ensure we continue to not only monitor progress but continue to focus on the things that matter most.

Why is there no reference in the manufacturing plan to the strategy for roads, freight and logistics, and infrastructure more generally?

The second Strategic Objective is to “develop the conditions to anchor key manufacturing companies in Wales, including provision of modern infrastructure and resilient supply chains”. This recognises the critical role of infrastructure in being an enabler to delivering on our aspirations, supporting industry and not restricting it.

The Plan specifically references our Transport Strategy for Wales, '[Llwybr Newydd](#)' which sets out our approach to how we enable people and goods to move easily from door-to-door by accessible, sustainable and efficient transport services and infrastructure.

We also highlight other examples such as Digital, Electric Vehicle charging infrastructure and our Property Delivery Plan which has already delivered over 800,000sqft of new commercial premises, with 125 acres of investment ready sites either completed or in progress through a combination of direct intervention, grant support to the private sector and collaborative working with public sector partners.

Additionally, our strategic approach to planning in Wales is also referenced through Future Wales and Planning Policy Wales.

What work has been undertaken since 2021 in relation to the action “understand the type of business support needed by Welsh manufacturing” and what changes have been made as a result?

The initial Plan was underpinned by the insights gathered through a formal consultation process which informed the key themes in areas like Equality & Diversity, RD&I, Skills, Anchorage, Technology and Decarbonisation. In developing the refresh, we revisited these through more engagement with industry, Trade Unions and wider social partners and undertook a 'health-check' survey of the sector with support from Industry Wales and Make UK. The survey was commissioned specifically to look at the 16 themes in the initial Plan, with a focus on businesses' capabilities, sales patterns, challenges, culture and behaviour. This provided some useful insights including current position and trend analysis in areas like energy, supply chains, skills and of Industry 4.0 digital technologies.

It's important to recognise though that MAP is about looking at what the sector needs to thrive and ensuring we have the right support in place. This means getting maximum value from the support we already offer and adding additional support only where there is a clear gap/need. For example, our Flexible Skills Programme (FSP) Advanced Engineering and Manufacturing Partnership Project is responding directly to the needs of our manufacturing companies by supporting them in developing the skills they have identified. There is a great case study in the Plan from Energizer Auto UK about how they have used FSP to great benefit.

The survey also identified the importance of reducing energy and increasing productivity and the Toyota Lean Clusters Programme is an example of where we are responding to this, with more than 60 companies having benefited so far from the implementation of Lean principles. Companies like Rototherm which has seen a staggering 300% increase in outputs due to time savings in production and organisational structure, and a 50% decrease in defects. The Development Bank of Wales also launched the Green Business Loan Scheme in February this year, with loans from £1000 to £1.5m to support our journey to Net Zero. This includes investing in renewable energy technology, upgrading physical infrastructure and waste reduction. We also recently launched our new Flexible Innovation Support scheme and Circular Economy Fund which will supplement existing specialist support available through Business Wales.

There are other examples of aligning our support offer to deliver on our aspirations within the Plan, such as introducing the Backing Local Firms Fund which is based on lessons learned from the Foundational Economy Challenge Fund. Local food suppliers are being supported with funding to cover the costs of food hygiene safety accreditation and work has been undertaken in the housing sector to connect registered social landlords (RSLs) with local businesses.

AMRC Cymru continues to respond directly to the needs of our manufacturing companies, fostering more collaborative research and embedding Industry 4.0 technologies. AMRC has supported Airbus's world leading future wing technology programme and more than 30 SMEs across 16 projects. A major SME digital enablement programme is currently in the pipeline that will support a further 60 manufacturers over the next 18 months. One example is the 'Ffatri 4.0' project which is a collaboration between AMRC Cymru, Airbus and Welsh Food & 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. This is in addition to the £2m support from Welsh Government to establish a Food & Drink Packaging Sustainability Centre which will become a hub for the uptake of emerging technologies and materials in the food and drink packaging supply chain.

How will the Welsh Government “Mobilise our business support for manufacturing around a targeted number of critical products that have strategic significance to the long-term prosperity of Wales”?

The 'health-check' survey has helped identify areas where we will need to ensure the right support is available to industry. In addition to that the refreshed Plan outlines our intention to undertake benchmarking against areas of best practice aligned to our six strategic objectives. This will provide further insight into what products will be critical to Wales going forward, particularly in areas where we see a real opportunity for Wales to gain a competitive advantage. The Plan does though already set out where we are taking forward activity which has clear products that will be critical to success. For example, the Optimised RetroFit programme to improve the energy efficiency of LA housing stock where we are applying a Foundational Economy approach to identify not only the required products but local suppliers of those products.

We have completed the first phase of work on supply chain mapping to better understand existing supply chain capability, resilience and anchoring opportunities. This was focussed initially on developing a comprehensive database to establish a baseline of existing companies operating across several manufacturing sub-sectors. We are progressing with the next phase of this work which will use the data to gain valuable insight into supply chains, with a specific focus on several key areas including Floating Offshore Wind. This process will help in understanding what the critical components are/will be, and the level to which the existing supply chain has capacity and capability to respond to such an opportunity.

In the Food & Drink sector we undertook a public sector wide food survey to identify supply voids with potential for developing local supply capability. In the first instance this is informing work to drive up the proportion of local produce for consumption to support the Universal Provision of Free School Meals and is informing the 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.

We are looking 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 an ecosystem of suitably qualified local businesses, so the economic and social impact of these investments is optimised for Wales.

Finally, our Innovation Strategy, 'Wales Innovates: Creating a Stronger, Fairer, Greener Wales' will prioritise those things that will have the biggest impact for Wales, targeting our

support in line with specific 'missions'. In this regard, our approach will focus on four key areas: Education, Economy, Health and Well-being and Climate and Nature. An Innovation Action Plan is being 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.

I hope that this provides sufficient detail in response to the questions raised in your letter and I look forward to continued discussions with Members on ensuring a thriving manufacturing sector in Wales.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive, flowing style.

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Annex 1 – Manufacturing Plan for Wales – Action Owners and Timescales

Address the climate emergency by decarbonising the manufacturing sector in Wales, underpinned by Circular Economy practices and processes.		
Actions	Lead(s)	Timescale
Embed low carbon and climate resilience within the Economic Contract and expand consideration into all other aspects of WG spend including grants and procurement.	GcoE Carys Roberts – Head of Entrepreneurship & Business Wales (Delivery), ETC, B&R. Tracey Mayes – Head of Procurement Reform, COOG, Commercial & Procurement Directorate. Paul Griffiths – Head of Commercial Delivery and Capability, COOG, Commercial & Procurement Directorate. Judith Budding – Head Of Commercial PMO and Ops, COOG, Commercial & Procurement Directorate.	Short to Medium
Use Circular Economy Fund as a mechanism to drive forward more recycling and less landfill, including utilisation of new technologies and processes within manufacturing.	Andy Rees – Head of Waste Strategy Branch, CCRA, Waste & Resource Efficiency.	Short to Medium
Alongside Net Zero Industry Wales we will work with industrial clusters and hubs across Wales as they develop their pathways and build a solid evidence base to better understand the potential role that fuel switching and CCUS can play in decarbonising manufacturing.	Anne Reynish - Net Zero Industry, ETC.	Short to Medium
Work with Net Zero Industry Wales, the South Wales Industrial Cluster and stakeholders in North Wales including Hynet to understand the infrastructure necessary to decarbonise industry and maximise the benefits from relevant initiatives.	Wendy Boddington - Head of Regional Delivery, ETC.	Short to Medium
Develop the conditions to anchor key manufacturing companies in Wales including provision of modern infrastructure and resilient supply chains.		
Actions	Lead(s)	Timescale
Produce detailed supply chain maps for critical products including current capability and capacity. We will use this to identify opportunities to localise supply chains, increase the capability of indigenous businesses and attract targeted inward investment to address supply chain voids.	Gunther Kostyra - MAP and Industry Wales, ETC, B&R. James Davies - CEO, Industry Wales.	Short to Medium
Address the undersupply of premises for manufacturing and related sectors by investing in strategic employment premises, delivering 300,00sq ft per annum of new floorspace across Wales through the Property Development Plan (PDP).	Leigh Jenkins – Property Projects Surveyor, ETC, B&R.	Medium to Long
Improve anchorage of manufacturing companies and encourage greater decision making in Wales. We will do this through	Claire McDonald - Deputy Director - Economic Policy, ETC, B&R. James Davies - CEO, Industry Wales.	Long

direct support levers such as the Economic Contract and capital investment, for example, opportunities provided by the transition to zero emission transport	Darryn Lewis - Head of Inward Investment, ETC, International Relations & Trade.	
Work with developers and other stakeholders to understand and promote the supply chain potential from the offshore marine energy both in North Wales and in the Celtic Sea	Helen Donovan - Senior Industrial Transformation Manager, ETC, B&R.	Short to Medium
Support Welsh manufacturers to supply goods and services in response to the Optimised RetroFit Programme, adopting a foundational economy procurement approach focused on engaging with and where appropriate supporting Wales-based suppliers	Malcolm Davies - Senior Housing Decarbonisation Officer, CCRA, Housing and Regeneration.	Short to Medium
Identify and develop the necessary leadership and workforce skills required to achieve 'Wales 4.0'.		
Actions	Lead(s)	Timescale
Benchmark our manufacturing performance against best practice of comparable regions in the UK and globally. Use this data to best utilise our support mechanisms to improve productivity and competitiveness	James Davies - CEO, Industry Wales. Phil Catherwood - Senior Strategy Manager - Mobility, ETC, B&R.	Short to Medium and Long
Enable Welsh companies, particularly our manufacturing base to learn from global best practice through engaging directly with world leading programmes like the MIT Industrial Liaison Program (ILP).	Matt Collins - Senior Manager Entrepreneurship Policy, Equality & Engagement, ETC, B&R.	Short to Medium and Long
Establish a mechanism to communicate with leaders from across the manufacturing ecosystem to collaborate, identify opportunities to learn from global best practice and target specific support such as our Flexible Skills Programme	Gunther Kostyra - MAP and Industry Wales, ETC, B&R. James Davies - CEO, Industry Wales.	Short to Medium
Implement a new GCSE in Engineering through Qualifications Wales which will form part of the new suite of 'Made for Wales' GCSEs to support the new Curriculum for Wales from 2025.	Gareth Downey (Qualifications Wales)	Short to Medium
Work in partnership with manufacturing sector stakeholders to create an action plan that identifies priorities to support industry in accelerating its' adoption of digital and data innovation, including cyber and AI.	Mike Groves - Programme Director, Digital Economy, ETC, B&R. Mike Thomas – Head of AI Policy & Co-ordination.	Medium to Long
Strengthen collaboration between stakeholders to embrace technological change and deliver more commercial Innovation at pace.		
Actions	Lead(s)	Timescale

Support the ecosystem of Wales (including forums and trade events) to create a stronger, fairer and greener Wales with increased collaboration and research, development and innovation activity in line with the commitments and priorities in our Innovation Strategy, "Wales Innovates".	Abi Phillips - Head of Innovation, ETC, B&R. Elaine Choules - Head of High Value Manufacturing, ETC, B&R.	Short to Medium and Long
Use the Advanced Manufacturing Research Centre (AMRC) Cymru as a focal point to drive collaborative research, where complementary support levers converge for maximum value (including wider WG Innovation offer such as SMART).	Abi Phillips - Head of Innovation, ETC, B&R.	Short to Medium and Long
Work to secure more UK research and innovation funds.	Chris Hale - Head of Welsh Government Office for Science, ETC, Chief Scientific Officer	Short to Medium and Long
Continue to develop the capability and capacity of research in Wales and facilitate international collaboration opportunities through the Sêr Cymru Programme.	Chris Hale - Head of Welsh Government Office for Science, ETC, Chief Scientific Officer	Short to Medium and Long
Promote the performance of the Welsh Research base and key benefits of science, technology, engineering, Maths and Medicine funding in Wales, UK and internationally.	Chris Hale - Head of Welsh Government Office for Science, ETC, Chief Scientific Officer	Short to Medium and Long
Develop a detailed map of key stakeholders to understand the current ecosystem and identify opportunities to drive future collaborations – linked to priority areas in supply chain mapping (i.e. which TUs/universities are involved in each area).	Gunther Kostyra - MAP and Industry Wales, ETC, B&R. James Davies - CEO, Industry Wales.	Medium
We will encourage and support manufacturers in Wales to adopt open innovation practices to manage their approach to collaboration.	Mark Lewis - Commercialisation Manager, ETC, B&R.	Short
Embed 'Fair Work' employment principles in Wales, promoting inclusivity, security, and protecting our cultural heritage.		
Actions	Lead(s)	Timescale
Establish a baseline and on-going monitoring of underrepresented groups in manufacturing sector with progress against key metrics.	Huw Griffiths - Head of Fair Work, ESJ&WL, Social Partnership, Employability & Fair Work. Meinir Collyer - Equality Support Unit Delivery Manager, CCRA, CCRA Operations. Joe Davies (KAS) - Senior Statistical Officer, COOG, DDAT & KAS.	Short to Medium
Use our networks to identify and promote best practice and the advantages of social partnership, fair work, equality and inclusion across manufacturing sectors.	Huw Griffiths - Head of Fair Work, ESJ&WL, Social Partnership, Employability & Fair Work.	Short
Embed the Ethical Employment in Supply Chains Code of Practice in the Welsh Procurement Policy statement so that all public sector	Sue Hurrell - Head of Fair Work Procurement, ESJ&WL, Social Partnership, Employability & Fair Work. Tracey Mayes - Head of Procurement Reform, COOG, Commercial & Procurement Directorate.	Short

organisations give it due regard in its procurement activity.	Paul Griffiths - Head of Commercial Delivery and Capability, COOG, Commercial & Procurement Directorate. Judith Budding - Head of Commercial PMO and Ops, COOG, Commercial & Procurement Directorate.	
Work with major contractors to the public sector to ensure that requirements relating to the Ethical Employment in Supply Chains Code of Practice flow through the supply chain.	Sue Hurrell - Head of Fair Work Procurement, ESJ&WL, Social Partnership, Employability & Fair Work. Tracey Mayes - Head of Procurement Reform, COOG, Commercial & Procurement Directorate. Paul Griffiths - Head of Commercial Delivery and Capability, COOG, Commercial & Procurement Directorate. Judith Budding - Head Of Commercial PMO and Ops, COOG, Commercial & Procurement Directorate.	Short to Medium and Long
Work with stakeholders to increase awareness and participation amongst people from diverse backgrounds in STEM related careers	Chris Hale - Head of Welsh Government Office for Science, ETC, Chief Scientific Officer Sam Huckle - Head of Employability Strategy, ESJ&WL, Social Partnership, Employability & Fair Work.	Short to Medium and Long
Support the delivery of Cymraeg 2050: a million Welsh speakers by building on the strengths of our Welsh-speaking communities	Iddon Edwards - Head of Economy, Housing and Welsh Language, ESJ&WL, Education Directorate.	Short
Mobilise business support to equip Welsh manufacturers to meet future demand for products of strategic importance.		
Actions	Lead(s)	Timescale
Analyse existing public sector spend in Wales to identify opportunities to localise supply chains for critical items as identified through detailed supply chain mapping.	Tracey Mayes - Head of Procurement Reform, COOG, Commercial & Procurement Directorate. Paul Griffiths - Head of Commercial Delivery and Capability, COOG, Commercial & Procurement Directorate. • Carys Roberts	Short
Develop a clearer definition for 'Social Value' in a Welsh context alongside a consistent methodology to measure and report social value within the Welsh public sector.	Tracey Mayes - Head of Procurement Reform, COOG, Commercial & Procurement Directorate. Stuart Smith - People & Corporate Services Lead, COOG, Commercial & Procurement Directorate.	Short
Mobilise our business support for manufacturing around a targeted number of critical products that have strategic significance to the long-term prosperity of Wales.	Gunther Kostyra - MAP and Industry Wales, ETC, B&R. James Davies - CEO, Industry Wales.	Short to Medium
Aligned to the Export Action Plan for Wales we will work with Welsh manufacturers to create a strong, vibrant and sustainable exporting sector through a range of business support programmes and advice to build export capacity and capability for Wales.	Richard Harris - Head of Trade, ETC, International Relations & Trade.	Short to Medium and Long
Build on the success of the WG Toyota Lean Clusters Programme, embedding lean management principles and sustainable improvements in competitiveness.	Phil Catherwood - Senior Strategy Manager - Mobility, ETC, B&R.	Short to Medium