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**Pwyllgor yr Economi, Masnach a Materion Gwledig**

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**Ymateb gan:** Cymru Wledig LPIP Rural Wales, dan  
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**Welsh Parliament**

**Economy, Trade, and Rural Affairs Committee**

**Inquiry:** The Foundational Economy

**Ref:** FE14

**Evidence from:** Cymru Wledig LPIP Rural Wales, led  
by Aberystwyth University



**View on the Foundational Economy for the Economy, Trade and Rural Affairs Committee.**  
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## **Executive Summary**

This document provides a summary of the findings from the ‘Growth Project’ a pilot project funded through the Cymru Wledig LPIP Rural Wales led by Aberystwyth University, in relation to the foundational economy in Wales.

Key findings and recommendations are as follows:

- Support for the foundational economy can be seen in rural areas of Mid-Wales; however the delivery of this is often disjointed and those who would benefit from this may not be aware that they need help. Business owners and those running social enterprises lack leadership skills and would benefit from mentorship programmes. *Recommendation: work closely with business support groups and higher and further education partnerships such as Mentera <https://mentera.cymru/> to provide a coordinated approach to upskilling the workforce.*
- Many of the Welsh Government’s foundational economy policy initiatives are not available / relevant to those living and working in rural areas of Mid-Wales. *Recommendation: Provide a more balanced approach to funding initiatives across Wales so that all areas are included. Examples of best practice that could be applied to varied sectors include the AgriAcademy government initiative <https://businesswales.gov.wales/farmingconnect/business/agri-academy> which could be replicated for other sectors of the rural economy*
- Growth in rural areas of Wales is not about maximising profit or individual gain but creating a thriving community which provides a skilled employment pool, good quality services and products and a strong sense of wellbeing. Understanding these alternative versions of growth is crucial to enhancing economic development. *Recommendation: further research into the perceptions of growth are required alongside identification of alternative growth strategies such as the ‘Social Wealth Creation’ seen in the Preston Model (<https://www.preston.gov.uk/article/1339/What-is-Preston-Model>).*

## Introduction

The views collated here represent initial findings from data collected by the 'Growth Project', a pilot project funded through the Cymru Wledig LPIP Rural Wales (an ESRC-funded Local Policy and Innovation Partnership ES/Y502376/1) led by Aberystwyth University. This research aims to identify how growth, in terms of business and community development, is perceived by those living and working in rural towns in Wales. Our initial data explores perceptions of growth in the market town of Llanidloes (Mid Wales) and how enterprise can be supported through a better understanding of what growth and development means to those living there.

We conducted two focus groups (involving a total of approximately 20 people including town and county councillors, local businesses, business support groups and residents of Llanidloes) and three individual interviews. A further 8-10 interviews will be undertaken in the 8 weeks. The next phase of this project, commencing Autumn 2024, will investigate these issues in Llangefni (North Wales). We anticipate that the final results from the project will be fully representative of those living and working in private sector small businesses within rural towns in Wales and would like to report further findings to this committee when the project is completed.

**Each question posed by the Welsh government (below) has been given an identifier which highlight relevant sections of the report.**

- To what extent has the Welsh Government embedded support for the foundational economy into its overall approach to economic development? What further steps should it take to do this? **(P1)**

*Summary (further details in the report below).* Support is available in rural areas; however, the delivery of this is often disjointed. A bigger problem may be highlighting awareness of this to people who may not know they need it before reaching a critical point (rejected grant applications or delayed payments).

- Given the cross-portfolio nature of the foundational economy, how should the Welsh Government create a co-ordinated approach to mainstreaming support for foundational economy sectors across government? **(P2)**

*Summary (further details in the report below).* Our research indicated that business owners and those running social enterprises lack leadership skills and would benefit from mentorship programmes. Some sectors provide elements of this, for example the AgriAcademy, which could be replicated in other sectors. Further opportunities were

identified and could be offered through higher and further education partnerships with support organisations such as Mentera <https://mentera.cymru/> to provide a coordinated approach to upskilling the workforce.

- Which of the Welsh Government's foundational economy policy initiatives have been most successful, and why? Which have worked less well, and why? **(P3)**

*Summary (further details in the report below).* Government schemes in rural Mid-Wales which encourage consumers to 'buy local' have been well received and the ongoing process of providing broadband access to rural communities has had an initial positive impact upon small businesses, particular those involving computing / data analysis. Initiatives such as the £4.5m Foundational Economy Challenge Fund, however, have provided little benefit to those within rural Mid-Wales as few projects awarded grants under this scheme are based in this area.

- What examples of best practice exist in different foundational economy sectors and places within or beyond Wales? How could the Welsh Government better support partners to deliver best practice, and to scale it up where appropriate? **(P4)**

*Summary (further details in the report below).* The Preston Model for Community Wealth Building (<https://www.preston.gov.uk/article/1339/What-is-Preston-Model>) provides a useful comparison to areas such as rural Mid-Wales. This model represents a connected approach to economic development involving discourse between Universities, Councils and Residents. If we compare this to the economy of rural mid-Wales, through the views of those working and living in Llanidloes, we see community enthusiasm for starting social initiatives (example: The Hanging Gardens, Llanidloes) being stalled by a lack of tailored support, business skills/experience and knowledge of best practice. Other examples of best practice, such as the AgriAcademy, were identified which could be developed in other areas to address skills gaps across sectors operating in rural Wales.

- What progress has been made in using procurement to strengthen the foundational economy since [our predecessor Committee looked at this issue in 2019](#)? What further actions are required to deliver greater progress, and what innovative examples of best practice could be built on? **(P5)**

We do not have enough data from our research to adequately address this question.

- How effective have the Welsh Government's actions to deliver fair work in foundational economy sectors been? What further steps should it take within its devolved powers to progress this agenda, and how can it work with the UK Government to drive improvements in non-devolved areas? **(P6)**

Our research indicates there has been an increase in remote working in rural areas, with some of the participants now having the freedom of choosing where to live based upon lifestyle factors rather than distance from work; however this appears to be most prevalent amongst those moving from other areas (England) to rural parts of Wales, or those working in international companies; therefore it is hard to determine the impact that Welsh Government's actions for this have had specifically. Success, or growth, was described by our participants as creating a thriving community where everyone enjoys a good standard of living. In this context a 'good standard of living' was not described as high profits but as affordable housing, retaining wealth within the locality and creating attractive opportunities for young people so they do not leave the area.

#### **Motives for starting or operating business in rural Mid Wales:**

Our research identified a strong alignment with participants' views for the future of their location with current or necessary investment in areas such as infrastructure and education, which form the backbone of the foundational economy in Wales. Those businesses currently running or recently set up in rural mid Wales describe the following locational attributes as positive deciding factors in their decision to start, or take over, businesses (contributing to economic growth/development):

- Quality of life: participants described the access to green spaces, inclusiveness and belonging to a safe community as attractions for moving to this location with the intention of finding work, starting a business or undertaking remote working. In this respect the government approach to prosperity not as monetary wealth but a good quality of life enhanced by safe communities has encouraged some new enterprises into rural mid Wales. **(P1) (P3) (P6)**
- Improvements in broadband access within rural areas was identified by some as an enabling factor to starting businesses in rural mid Wales **(P1) (P3)**

#### **Challenges for starting or operating business in rural Mid Wales:**

Our research identified challenges associated with operating businesses in rural areas which have seen little progress in the last 3-5 years, including:

- Closure of rural post offices and banks which are necessary for small businesses to operate businesses in such locations. **(P1)**
- Lack of integrated transport system has meant those who need to travel for work struggle to achieve this. Some participants noted the time differences between train time and bus times in rural communities which means long waits between connections (resulting in loss of time / income). **(P1) (P3)**
- Some of those interviewed for this project who were starting businesses are new to self-employment, business operations and grant applications and therefore do not know where to access support or lack skills in completing application forms. This has caused delayed or reduced payments. Many are aware of the support available but do not realise that they lack the necessary skills until it is too late. **(P1)**
- Following on from the previous point a lack of leadership skills and a need for comprehensive access to mentoring were identified as potential challenges limiting business growth in rural areas. The AgriAcademy government initiative <https://businesswales.gov.wales/farmingconnect/business/agri-academy> was identified as an example of best practice and one which could be replicated for other sectors of the rural economy. **(P2) (P3) (P4)**

#### **Participant views of growth:**

- Participants in this study do not view growth simply as monetary gain but instead as creating sustainable communities. *“Running a business doing what I love and being able to live a happy and healthy life in my rural community”*

Many participants discussed the need to earn ‘enough’ but within a communal context which included supporting other businesses (B2B operations), employing local people through family or community connections and, post COVID, reducing profit margins in order to retain and serve local customers.

Growth as *‘not necessarily more but better’* meaning improving education, housing, community wellbeing. **(P2) (P6)**

#### **Conclusion:**

- In rural Mid-Wales the foundational economy provides the backbone to economic development. Businesses in these areas exhibit high levels of social awareness and a desire to sustain communities they operate in with a *‘grow your own’* mentality where members of the local community are employed and basic training provided as required.

- Business owners in rural areas are entrepreneurial in nature, often starting as sole traders; however this type of business lacks the skills needed for any form of economic growth. In some cases, these businesses have attempted to access support (training and grants) but lack the confidence in completing application forms. This needs to be addressed.
- Growth in rural areas of Wales is not about maximising profit or individual gain. Those working and living in rural areas want the same thing: a thriving community which provides a skilled employment pool; good quality services and products and a strong sense of wellbeing. It should be noted that although all participants identified some negative aspects to mid Wales such as poor-quality housing, a lack of affordable houses, or a lack of basic provisions (long appointment times for health services), all identified positive aspects such as lifestyle, access to green spaces and cohesive communities as reasons to remain within their location. Understanding these alternative versions of growth is crucial to enhancing economic development.