



Foundational Economy Evidence 2024.

- 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?

Context: Our reading of the Foundational Economy (FE) is it is meant to be an 'Economy+' model. An approach to doing business and achieving increased social/environmental benefit as well. In any economy, but especially this one, the model is necessary and should be developed/protected.

There is a good team leading on the FE approach and Karen Coombs is a strong lead/link.

The 2023/24 grant programme was a kick starter. As a recipient of grant, we were able to introduce innovation across our service provision and initiate services unique to Wales. This good start it has had, should be built upon with additional resources and increased status within Welsh Govt. We provide further details in our subsequent answers below.

- 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?

The aforementioned grant programme was one-year, short term. This allows for a solid kick start to projects but detracts from some of those projects turning into viable business propositions and any mainstreaming requires longer term investment rather than short term grant. The FE sector requires parity with funding streams focused on the growth of the private sector. Working with the private sector, public funding is arranged and administered on a longer-term basis and is as a consequence, much more of an enabler.

As a conjoined comment to the above private sector observation, in practice, the FE runs the risk of supporting ideas (led by committed/energetic people) which are never going to realise any sort of commercialisation – this is self-defeating. To thrive and have a long-term influence on the Welsh economy, the FE sector requires businesses that have defined markets, strong products/services ready for those markets, skilled leadership and proven social/environmental impact.

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

We can only comment on what we have been part of...’Food Sector and Supply Chains’
As noted earlier, the grant enabled part of our development and was/is helpful.
We however have seen no benefit in barriers being reduced for us to enter into public procurement – this remains a goal of ours but none of the current direction of travel make this goal realistic at this point.

- 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?

We will list ourselves as current best practice. This answer repeats in part the earlier reference to longer term funding support akin to the private sector support offer. We have developed with FE support and business model unique to the UK and capable of addressing key business/societal issues such as poor food products into schools, low skills in school kitchens, poor health in children and adults and the redistribution of new profits for community benefit. With the correct investment, this model could be scaled to impact the whole of Wales and has enormous market potential to create jobs throughout.

- 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?

Our answer concerns the supply of food into the public sector service space: Welsh procurement is still some way away from supporting the needs of those who are eating the food provided. We have a supply chain wholly focused on the needs and profit of the supply chain as opposed to the health and wellbeing of the children/adults eating the food – In 2024, with the health concerns we have, this is wrong. As an example...Scandinavian models require a tender to reach as much as 80% social value, yet we are still involved in practice which is significantly some distance away from this. The balance of cost and quality can be found but policy and the application of procurement must drive the change. There then also needs to be training offered to the officers who work across the procurement teams – too many of the current staff group are used to ‘price first’ practice and for most (we have met) social value is a loose/misunderstood term, which though interpretation is devalued, at the point of assessment.

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?

In practice, we do not think the FE is viewed as a serious sector and is certainly viewed as a poor-neighbour of the private business sector. Also, within Welsh Government, the cross-cutting approach appears to a discussion point, an intent, but is practice falls short – we have a strong example of this should anyone want the details. Our economy,

and the needs of the population have changed enormously since COVID and a strong FE is required to redress some of the problems we have. However, the current signs are that the FE sector will not have access to the investment it needs – and without investment, the sector will not grow.

