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FOUNDATIONAL ECONOMY INQUIRY

INTRODUCTION TO ADRA (TAI) CYFYNGEDIG

Adra (Tai) Cyfyngedig are the largest social landlord in north Wales. Adra looks after over 7,200 homes and provides services to over 18,000 customers.

Adra employ 380 members of staff. This includes 130 skilled tradespeople within our own in-house repairs and maintenance team, Tim Trwsio. This team delivers the majority of our repairs and maintenance work; and a number of our planned maintenance schemes including decarbonisation schemes.

Adra recently reached the milestone of building our 1,000th new home; and we are committed to help achieve the aspirational Welsh Government target of delivering 20,000 new social homes during the current Senedd term.

Adra also provide a range of high-quality housing management services to help sustain our tenancies; and provide in-depth support to some of our most vulnerable customers across the north Wales region.



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KEY ISSUES AND RECOMMENDATIONS

1. **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?**
 - 1.1 Establishing a clear and consistent definition of what constitutes the Foundational Economy (FE) in Wales would provide clarity and understanding and would provide further context when discussing this subject area. There are some elements of consistency; but there is also some ambiguity as to which sectors form the Foundational Economy in Wales.
 - 1.2 Welsh Government has provided support to the FE in Wales to a certain extent within its current approach to Economic Development. This is evidenced via a range of policies; business support programmes; training and skills development initiatives. This is demonstrated via a range of capital and revenue funding provided to a range of programmes and projects that operate within the FE in Wales.
 - 1.3 It could be argued that Welsh Government's main focus in terms of its economic development programme is to provide support to the high-tech/tradables/high-growth sectors. This is evidenced via the focus of the regional Growth Deals established through Wales. These growth sectors also seem to be the main focus of business support programmes delivered through Wales, including via Business Wales.
 - 1.4 Focusing support and capital investment in the high-growth/high-tech sectors in relation to the economic benefits and outcomes they deliver in Wales should continue. However, this should be done in conjunction with providing equal support and investment in the Foundational Economy as this economy employs circa 40% of the workforce in Wales (according to various reputable sources). This includes providing continued support and funding to the Small and Medium-sized Enterprises (SME) sector in Wales who operate within the FE.
 - 1.5 In the social housing sector in Wales in which Adra operates; Welsh Government have provided substantial funding support via a range of programmes including the Supported Housing Grant; Transitional Accommodation Capital Funding Programme; Optimised Retrofit Programme; Housing Support Grant; which, combined with the social housing sector's own substantial investment programmes contribute significantly to the FE in Wales.
 - 1.6 Establishing longer-term strategies in sectors which operate within the FE in Wales would provide longer-term clarity and certainty in terms of future growth and investment opportunities and aspirations within this sector. This includes developing a long-term housing strategy for Wales which is underpinned with an aspirational development plan for the sector.



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1.7 Establishing a long-term economic strategy for Wales which includes its long-term vision in terms of support for both the FE and high-growth & high value sectors should be considered. A better understanding is required of how the Foundational Economy contributes towards economic development in Wales; and this should be embedded within any economic strategy for Wales as Small and Medium sized Enterprises (SMEs) form the backbone of the Welsh Economy.

2. 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?

2.1 As demonstrated in the previous question; developing a long-term economic strategy for Wales in which the Foundational Economy is embedded should be a priority for Welsh Government. The FE requires parity with high-value growth sector and activities in Wales given its overall contribution to economic growth and sustainability in Wales.

2.2 Ensuring that any economic strategy provides both clarity and aspirations in terms of future support for key FE sectors including housing; health and social care; food and drink; heat and decarbonisation would provide a firm steer to these sectors that it is a government priority to help them grow and flourish.

2.3 Welsh Government business support programmes including those delivered by Business Wales should be focused on providing support to SMEs to grow. These businesses are the backbone of Welsh communities; and will continue to be so for the foreseeable future as major growth and investment programmes are very few and far between in many parts of Wales.

2.4 In conjunction with a long-term economic strategy; Welsh Government should ensure that it has long-term strategies and plans in place for key sectors of the FE in Wales e.g. Wales don't have a housing strategy.

2.5 Businesses who operate within the FE can continue to flourish with a combination of government support and part funding some of their own growth aspirations funded via a range of methods including private sector investment. There is a responsibility and duty on the sector itself to identify and deliver growth opportunities.

2.6 Establishing a clear set of measures and indicators which measure the true impact of this sector would help establish the sector's contribution to the economy, and shape future government support and investment decisions linked to the FE.



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

- 3.1 There are a range of examples where Welsh Government policy initiatives have contributed successfully to the growth of certain sectors within the FE in Wales.
- 3.2 Within the social housing sector, aspirational policies such as delivering 20,000 new social homes within the current Senedd term and the associated funding provided by Welsh Government has contributed to the growth of the social housing sector in Wales and its associated supply chains. The aspirational Welsh Housing Quality Standard 2023 (WHQS2023) has the potential to contribute significantly to construction sector growth in Wales over the next decade as the sector seeks to decarbonise its housing stock.
- 3.3 There are examples in other FE sectors where policy initiatives have contributed to the growth of these sectors. Evidence provided by industry experts in fields such as tourism and food & drink testify to this.
- 3.4 Personal Learning Accounts within the construction and decarbonisation sectors have made a positive contribution to the development and growth of individuals and businesses within these sectors. However, it must be ensured that this support continues consistently throughout Wales; most notably within decarbonisation funding and training. This is a growth sector; and funding isn't consistent through Wales at present when it should be given the contribution this sector will deliver to the FE in Wales in future years.
- 3.5 Ty Gwyrddfai, the first decarbonisation hub of its kind in the United Kingdom was established on an old industrial unit at Penygroes in 2023. The development is a collaboration between Adra, Grwp Llandrillo Menai and Bangor University. The development will transform the industrial site into a decarbonisation hub that will ensure that north west Wales will be at the forefront of the decarbonisation agenda, working with communities and businesses to retrofit homes over the next decade. This centre benefited from a range a funding sources including from Welsh Government. This includes Transforming Towns; Circular Economy combined with internal investment by Adra. Welsh Government support in initiatives such as Ty Gwyrddfai will have a positive effect on the FE. The number of businesses receiving training/accreditations/networking and gaining new contracts and work via the centre is significant. It is a prime example of how Welsh Government and private investment can make a significant contribution to the FE in Wales.
- 3.6 In terms of what hasn't work so well; certain elements of funding which have made a significant contribution to the economy in north Wales have uncertain futures. A prime example is the UK Shared Prosperity Fund. The north Wales region has benefited significantly from this investment; and in particular, the revenue funding it has provided which is more difficult to attain in



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comparison to capital funding on a range of programmes. Having a firm succession plan in place for this programme is critical for the continued support and growth of FE sectors throughout Wales.

3.7 Adra established Academi Adra in 2022. This initiative is mainly targeted at Adra tenants to provide them with skills, training and employment opportunities. Adra provides core funding towards the initiative; however, Shared Prosperity Fund has allowed us to significantly enhance the outcomes that Academi Adra delivers. Since its inception, over 150 training opportunities have been funded; 50 paid work placements with Adra and its supply chain have been delivered and over 30 jobs have been created to date with Adra and its supply chain. The current uncertainty over the future of the Shared Prosperity Fund will have a negative impact on a range of positive activities it has delivered across the north Wales region and beyond.

3.8 Business Wales has a key role to play in supporting SMEs in Wales. Future business support programmes must provide equal support to both high-growth activities and SMEs in Wales.

3.9 It is widely reported that there is a decline in apprenticeships in a range of sectors within the FE. This should certainly be an area of focus for future government policy initiatives and intervention. Construction is a prime example where there is a significant skills shortage. Careers within sectors such as construction must be positively promoted as attractive career paths from an early age, and certainly promoted from the higher education curriculum and above. The opportunities that currently exist within the sector will continue to grow with Welsh Government decarbonisation aspirations. Initiatives such as Academi Adra supplement what higher and further education sectors deliver within this sector; but future government policy and career pathways/skills development must promote careers within the FE as attractive ones and must deliver a skilled workforce for the future within the sector.

4. 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?

4.1 As identified in question 3, Ty Gwyrddfai is a prime example of best practice in the decarbonisation and construction sectors in Wales. This partnership between Adra, Grŵp Llandrillo Menai and Bangor University is at the forefront of decarbonisation in Wales. The centre is delivering on a range of outcomes; from upskilling Adra's own workforce to grow and deliver more work; to ensuring local supply chains have the skills and accreditations to deliver decarbonisation work in social and private sector homes in the north Wales region in future. Bangor University have established an innovative 'Living Lab' within the centre which will allow manufacturers to test products in a controlled environment. The centre also benefits from a range of partnerships with 20 private sector companies (including Saint Gobain; Nuaire; Travis Perkins; Worcester Bosch) who



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work with the local supply chain to provide training, accreditation and delivery opportunities. This is one of a range of positive examples that exist within the FE where a combination of government support and private sector funding combine to deliver positive outcomes for the FE.

- 4.2 In Gwynedd, social enterprises play a significant role in underpinning and strengthening the FE. The importance of this sector in rural north-West Wales cannot be underestimated; and the outcomes they deliver within a range of sectors are both innovative and impactful within the communities they operate.
- 4.3 Creating Enterprise established by Cartrefi Conwy specialises in modular construction, building timber frame Passivhaus standard homes. This is another prime example of innovation and how skills and employment opportunities are created in the social housing sector in Wales. With the current shortage of quality, decarbonised social homes in Wales; initiatives like this are both sustainable and provide a range of sustainable employment opportunities.
- 4.4 In terms of Welsh Government support, consideration should be given to providing additional revenue funding to initiatives that deliver significant outcomes in the FE sector. In the short term, addressing the funding gap which will exist following the end of the UK Shared Prosperity Fund must be a priority. Businesses operating within the FE sector will have lost previous sources of European Funding; and this combined with the loss of the UK SPF funding will make it harder for initiatives which deliver strong positive outcomes such as Academi Adra to continue delivering in their current format.
- 4.5 Ensuring continued funding and support for Personal Learning Accounts in the fields of decarbonisation and construction throughout Wales should also be a short-term priority. Construction and decarbonisation are growth sectors, and Welsh Government business support programmes and associated skills and training funding should mirror sectoral growth aspirations, to ensure Welsh businesses are best placed to deliver on decarbonisation contracts including WHQS2023.

5. 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?

- 5.1 The Procurement Act 2023 will provide the framework in which public sector procurement in Wales operates in future. This Act does in theory provide more focus on local supply chains and achieving greater social value through contracts. How this equates in practice to strengthen the FE will be monitored and reviewed in future. Linking public sector procurement in Wales with the objectives of the Wellbeing of Future Generations Act should also strengthen the FE.



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- 5.2 The underlying challenge due to a combination of financial pressures on the public sector purse; the cost-of-living crisis; is that procurement processes are inevitably linked to achieving best value for money; and that does not always result in local procurement.
- 5.3 Ensuring procurement processes are linked with social value; and sustaining local supply chains who provide quality work via a combination of actions including being living wage employers should be at the heart of any procurement policy and process.
- 5.4 Adra launched Ffram24 in 2024. This framework is a cornerstone for Welsh organisations seeking a reliable and quality supply chain. Ffram 24 is a multi-supplier framework and is designed to offer comprehensive solutions for building materials and associated services. As a Wales-only initiative, it stands out for its significant social impact, directing investment into Welsh companies and ensuring that the social value generated remains within Wales. The Welsh Government fully endorses Ffram24, recognising it as a natural successor to the National Procurement Service building materials framework. Ffram 24 is accessible to a diverse range of public sector bodies and charities in Wales to meet their supply chain requirements. This is a prime example of how procurement can be delivered collaboratively in Wales, whilst retaining the social value of these contracts in Wales.
- 5.5 In rural Wales, the Arfor programme is leading the way in terms of supporting companies in the heartland of Wales to prosper through economic interventions whilst focusing on the Welsh language. An example is Tendra, an Arfor funded programme run by Adra and Grŵp Llandrillo Menai to upskill the local supply chain to compete for public and private sector contracts. This is achieved via a range of activities including procurement workshops and Meet the Buyer events. Arfor delivers a whole range of other programmes which contribute positively to the FE sector in rural Wales.
- 6. 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?**
- 6.1 Fair work can be defined as “the presence of observable conditions at work which means workers are fairly rewarded, heard and represented, secure and able to progress in a healthy, inclusive working environment where rights are respected”.



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- 6.2 Adra are proud to be a real living wage employer. We believe in the principles of fair work; as it brings a whole range of benefits; including staff retention and staff consistently tell Adra as part of the annual staff satisfaction survey that they are proud to work for Adra.
- 6.3 Some public sector bodies in Wales are real living wage employers, whilst others are not. In essence, paying a decent wage is a core principle of “fair work”. Therefore, more work needs to be done at regional and national levels to encourage more public sector bodies to become real living wage employers.
- 6.4 In terms of its devolved powers, Welsh Government and key stakeholders need to increase its investment into apprenticeships and training in certain FE sectors including construction. As there are skills shortages within the construction sector, these career pathways can be positively promoted from a higher education level to outline the positive career pathways that exists in the sector; and the opportunities that exist to develop within this sector which delivers fair work.
- 6.5 Promoting career pathways in key FE industries including health; education and construction and ensuring the public sector bodies who operate within these sectors deliver fair work would have a positive impact on the FE and on the Welsh language in rural areas. Bevan Foundation identified these opportunities in their “Poverty in Arfon” report published in 2023. Adra and its partners will form a strategic group to drive forward some of the recommendations identified within this report.
- 6.6 Collaboration and sharing best practice amongst peers who operate in similar sectors should also be encouraged to ensure that the Welsh FE continues to be both prosperous and resilient.