



ACHIEVING LEVELLING UP

Appendix 3: Supplementary Findings for Wales

Introduction

This appendix to *Achieving Levelling Up: The Structures and Processes Needed* provides supplementary findings that are not included in the report. The data are drawn from nine stakeholder interviews with political leaders and commentators in Wales, conducted in June and July 2020. The material has been produced through a systematic analysis of the interview data according to key themes and regional comparisons. This supplementary document covers the following seven themes: productivity, inclusivity; skills; Wales-UK relationship; central-local relationships; building capacity; and funding.

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1. Productivity

Chapter 2 of the report covers the interventions required for improving productivity.

The Welsh Government needs to adopt a forward-thinking approach with regards to economic development and skills policy in order to address low productivity and cyclical economic crises.

- *“...the Welsh economy [follows] a cycle but ... at least every five or six years some sort of recession hits and then you’re dealing with an employment crisis rather than ... forward thinking with the skills agenda to increase productivity.”*
- *“The Welsh Government response in this area is always to get people who have lost their jobs into other jobs as quickly as possible but the quality of those jobs is never really addressed.”*
- *“We’re ... looking to support value-based economic development, looking to instil and promote core values of innovation and fair work, of environmental considerations and to develop the regional technology to improve productivity but ... [there may be a need]... to become more job focused...”*

There are some commonly held perceptions around productivity that do not necessarily hold true.

- *“In some ways it is not about “business is bad”, it is about what do you do to try and level the playing field so that everyone understands that they are better ... for actually doing some of these things.”*
- *“The theory is that your productivity improves albeit your costs go up because you have got a workforce who are fully involved and fully engaged in things.”*
- *“The extent to which productivity can be improved without sacrificing the quality of services such as care in the home, is a really interesting one because a lot of the things, such as employment practices and the quality of the service...are driven by financial considerations...”*

There is a misconception that productivity declines if it incorporates inclusivity and fair work and it is difficult to shift this perception.

- *“We are also looking into the research and evidence ... around the extent to which giving workers the voice, (which is a key part of fair work), drives up productivity.”*
- *“I think the real challenge is the perception that productivity only comes at the price of inclusivity and sort of fair work, and I think there is a real challenge within government as to how you turn that paradigm on its head.”*
- *“Then there is that challenge about how you bring those interests in to influence government policy, which when you get to the heart of its productivity, inclusivity trade-off, they have vested interests and some of the things that we could do would be a huge disincentive or potentially a disincentive to business.”*

Social partnerships can ensure that the goals of fair work, equality and sustainability form an integral part of productivity initiatives.

- *“We can use social partnership levers to make sure that fair work happens.”*
- *“Trade unions aren’t just pushing [the Fair Work Agenda] because they want everybody to be nice to each other, there’s an economic reason for this. There’s a lot of evidence to prove that by running a workplace in this way in an open and fair consultation manner with worker voice is actually absolutely better for productivity and profitability.”*
- *“... the more people get paid, the better people are looked after, the more secure they feel in their jobs, the more likely they are to spend in the economy and the economy grows at the same time, wages go up at the same time as profits go up.”*
- *“ [Negotiated] agreements [are] all important facets of what would indicate good quality work or a good quality employer but fundamentally it just comes down to open consultation with the workforce....”*
- *“[Negotiated agreements]... put in things like the real living wage, so that employees benefit from increased wages, but it also talks about training, so that people are better skilled, and also how we can increase productivity by changing the methods and the ways that people work.”*
- *“... Trade unions, employers and Welsh Government meet on a social partnership, tripartite basis to discuss strategy across each of the industrial sectors. We look at things like training. We look at consultative documents.”*

2. Inclusivity

Chapter 2 of the report covers the interventions required for addressing inequality and improving inclusivity.

The Fair Work Agenda addresses some of the challenges related to productivity and inclusivity

- *“Fair Work comes down to working with employer groups, employee groups and employee representatives to make sure to do a bit more workforce planning for the design jobs and not just to ... impose the will of the employer on the workforce. You can talk about things like access to training, agreements around equalities, equality of access, things like environmentally sustainable jobs and sustainability in the workplace.”*

There is a need for a comprehensive plan to make work more inclusive and responsive to the principles of Fair Work.

- *“There’s a risk that they’re going to be trained to use a particular product by an employer with a short term goal rather than ...helping them with their career and I think that’s why we’re not really making much progress around inclusivity. I think it’s been quite slow because I think we haven’t got that kind of detailed plan that’s linked to employment.”*
- *“The focus is always on skills supply and based on the local employer demand [so] it’s not going to address inherent problems and inequality.”*

3. Skills

Chapter 2 of the report covers the interventions required for addressing inequality and improving inclusivity, with specific references to skills development.

Matching skills with business need is central to a successful skills development strategy.

- *“When you’re setting up a skills programme if you get that right from the start it will always work well because it’s a joint, it’s mutually beneficial to everybody so then profitability goes up, productivity goes up but also the individuals get better qualified, they get happier in their jobs, they get better morale.”*
- *“As individuals are changing careers more than once, it is important to position skills training based on [individual] needs alongside the needs of businesses and training providers. Gone are the days where you leave school and you join a company and become a joiner and then you’re a joiner until you retire.”*
- *“So, they’re ... retraining in different skills, the businesses are responsible for that alongside training providers. [It’s] difficult to tackle the ever-changing technology development which poses a challenge for the education field when undergraduates are taught a course which becomes obsolete in a few years’ time.”*
- *“[It is] difficult for colleges to respond to the design and delivery and teaching of different courses very quickly because they will be set up to deliver training courses that they’ve always delivered.”*

Skilling for a green economy should be a key priority.

- *“Welsh Government has got a real agenda about wanting to upskill people around the green economy.”*
- *“We’re talking...about bringing forward projects that will help to introduce green jobs in Wales, but also how we do that alongside boosting jobs and aiding the recovery by increasing jobs in the construction and engineering sector”.*
- *“We’re talking to Welsh Government about retrofitting homes and upskilling people so that they can actually undertake that retrofitting, about how they can meet their housing target, at how they create and build houses, which meet the European housing standards and also create jobs in the local economy.”*
- *“Massive scale changes are needed in terms of cultural shifts, mindset shifts, the post-COVID world. It’s not just about the skills in education. It’s about the skills and aptitudes that we all have to understand and why we need to move to a greener economy...to get the behaviour change, to get the psychological aspects and impacts.”*

Effective collaboration between the government, trade unions, higher education and vocational training institutions, and funders is important.

- *“We’re trying to work with Welsh Government and with the FE and the HE sector in Wales to produce apprenticeships, modern apprenticeships, which will allow us to move into different areas.”*

4. Wales-UK relationship

Chapter 5 of the report discusses the balance between national and devolved policy and delivery, focussing on England.

Challenges in the relationship between the Welsh Government and the UK government were highlighted.

- *“Brexit was about refocusing command and control back in London. It...wasn’t about refocusing command and control back in London and then distributing it to the provinces.”*
- *“The relationships at political levels are part of the problem, frankly... Officials offer advice to ministers across all the administrations about what is required and even if ... officials advise ministers [to] paint the house blue, if ministers ultimately want to paint it green, they can.”*
- *“The conversations between Wales and the UK government at the moment are mixed, certainly I’m working on some stuff where there’s really good collaboration but that’s about personal relationships, that’s not about government to government in many respects. I think the inter-government relations across the UK are pretty fractured at the moment, certainly the politics between Scotland and England is different to England and Wales.”*
- *“I would characterise it as the UK essentially saying, yes we’re happy to collaborate, so long as you want to do what we want you to do but if you want to do something different or you’ve got a different idea, we’ll not collaborate, which is probably misrepresenting what collaboration means.”*

In order to meet emissions targets, the UK government will need to collaborate with Wales, Scotland and Northern Ireland on climate change issues.

- *“The types of things that we’re pushing for are around climate, in particular, greater collaboration on policy-making because ultimately we can’t meet our emissions responsibilities unless the UK government, where they hold the powers, do certain things. Equally the UK won’t meet its carbon emissions targets unless Wales does certain things.”*
- *“We can’t [deliver decarbonisation], working as individual nations...we’re more likely to just export all of our emissions because we’ll create a fractured governance arrangement across the UK where the UK government is trying to do A, we’re trying to do B, and they work against each other.”*
- *“We need to create an environment that encourages clean business to grow, that encourages businesses who currently create dirty products, to create clean products. So, we have to do*

that with the UK government. We are pushing quite heavily in that regard and we really want to have a collaborative way of developing policy.”

Devolved governments need to be involved from the outset of the policy making process, as good governance is about ongoing participation and collaboration.

- *“Get us involved earlier on and we can help you ... we’ve tried to demonstrate the value that we can add.”*
- *“[When] we are talking about that relationship between the UK government and Welsh Government, those cultural and capacity and capability problems are important ...Unless people within the system get better at what they do, we’re not going to improve. I don’t think restructuring ... is going to be hugely effective.”*

5. Central-local relationships

Chapter 4 of the report explores the reasons why the existing system cannot deliver. Central-local relationships is an area that needs reform.

The relationship between the central government and local authorities needs adjusting.

- *“The Williams Review stated that local authorities need to be reduced from 22 down to somewhere between seven and nine...The report basically said that the relationship is broken...you keep saying the local authorities are the experts in delivering ... and should manage the delivery and then you give them a grant and put a load of conditions around them and tell them exactly how to deliver it.”*
- *“...presumably the needs of Gwynedd are different to the needs of Cardiff and are different to the needs of Merthyr. Allow them the adaptability to be able to deliver how [it] works best for their area.”*

Trade unions can play a role in improving central-local relationships.

- *“If you think about how the easing of lockdown was very different to England. That was a direct influence from the trade unions saying we need to do this slowly, we need to do this carefully, we need to do this based on the evidence, which they did.”*
- *“Trade unions do kick above their weight in Wales compared to England. I think the relationship is far better and more intimate because they have direct access to the ministers and to the first minister himself. Having direct influence on Welsh Government and the ministers is the stark difference between Wales and England.”*
- *“We need to utilise their skills...Unite and GMB who work more in the manufacturing sector were able to expedite those relationships. That is a direct difference between England and Wales and the way that we were able to say, come on, we’ve got to be more creative here and that did certainly happen.”*

The organisation of the regions and how they work with the centre is important.

- *“When discussing rationalisation of authority, everything gets put into hierarchical order. The Welsh Government is at the top of the hierarchy and we all fit in down the chain and that gives us a neat process. But you can have a simplified, rationalised process where you’ve got distributed leadership as well. If you look at examples like the Basque country where for years, they have invested in building that network, it’s very tight. Everybody understands their contribution and fit. No one idea is valued above any others.”*
- *“The regions genuinely are the regions. There’s local social action and all of those things are valued in a much more disseminated model of leadership.”*
- *“I think particularly now Welsh Government are looking at the regionalisation agenda and they’ve got Chief Regional Officers ... [although] we [don’t know] how much money is going to be spent at these regional levels and what that might look like and so that is a bit of a concern.”*
- *“The regional economic response groups which are meant to be identifying where redundancies are happening and where vacancies and demand is rising and I think, that’s quite hopeful and that could be effective but just how it all works together is unknown at the moment.”*

6. Building capacity

Chapter 4 of the report identifies capabilities as one of the existing strengths of local and regional government. However, it also notes that quality is uneven and that there is no collective understanding of the problems and how they need to be addressed.

Elected representatives need appropriate training and support.

- *“We rarely think about skills and we don’t really talk about style which is management style and shared values which is at the heart of all.”*
- *“Elected politicians come from diverse backgrounds and bring in different strengths, but they are given jobs that do not utilise their true potential.”*

There is a role for the government in the automation and digitisation of the economy.

- *“In order to automate those jobs [we] need to retrain those people into other jobs and that’s a conversation around workforce planning and around job design and, because ...the private sector is very reliant on the public sector, the big employers tend to be multinationals.”*
- *“UK government’s automation is a classic example. A UK government [official] in Whitehall says we’ll just let the free market decide what jobs get computerised and what jobs don’t, it’s all about profit. Whereas in Wales, we can do something different because we’ve got a social partnership arrangement.”*

It is important for the state to build its capability as an innovative and experimental entrepreneur.

- *“CCR...had to acknowledge that the public sector doesn't always know best. It's not here to be in charge, it's here to intervene and enable. I really like the [idea of the] entrepreneurial state and also the state not just being seen as the trouble shooters, [who] comes in to fix the problem or pick up the banks when they've gone bust or save Carillion and then walk away and expect nothing for it.”*
- *“I think that the public sector's role is beyond just enabling and intervening and troubleshooting. It is about actively taking risk for reward. I think it is much more about shaping the future and saying these are the big industrial and societal problems we need to solve.”*
- *“It's about what can we do differently in public services to sponsor innovation, to think about challenge-driven approaches, innovation and procurement, procurement of innovation. How do we rapidly prototype? How do we build failure into our processes? How do we do R&D in the public sector and think about productivity in the public sector rather than just the public sector's role in driving productivity in the private sector in a traditional sense.”*
- *“It's about an investment in those public bodies, but at the same time it creates new markets and new opportunities. It is about local wealth building giving SMEs access to the public sector procurement.”*

7. Funding

Chapter 4 of the report identifies funding and funding processes as problematic areas. Problems with funding undermine the success and effectiveness of many well-conceived interventions.

There are concerns about declines in funding.

- *“Wales has been the worst off as a result of the Barnett formula. Scotland gets more funding under than formula than Wales does by a significant amount.”*
- *“We have lobbied very heavily to rethink that formula for funding Wales because in real [terms], the money that comes to Wales has dropped significantly.”*
- *“[There is a] real push needed for R&D and Innovation in Wales and without the European funding now, it might just fade.”*

Funding needs to be appropriately allocated for regional economic development.

- *“Wales has deep socio-economic structural problems and needs a certain degree of fiscal freedom to rebuild including freedom to prioritise relevant policies to address economic outcomes using a green perspective.”*
- *“Large [scale] funding is needed to develop a green, digitised economy focussing on healthcare which is sustainable and inclusive and the fourth factor that could drive this is devolution.”*

Support needs to be provided to access finance.

- *“None of that money has been spent. Some of it’s been sitting in a bank for five years in the Cardiff Capital Region because nobody is able to write a bid that meets the requirements of the Treasury Green Book.”*
- *“... it’s technical inasmuch as people don’t know what the Green Book is and they don’t know how to write the bid because they’ve never been trained and the irony there is that the Welsh Government wrote the Green Book and Manchester City Council wrote the addendum to the Green Book.”*

Funding needs to go to the right sectors, areas and organisations.

- *“How are institutions like UK Research and Innovation, [and] the Welsh Government going to really influence this levelling up and how do you embed this into the process? Rather than just allocate money, how do you really think about the regions, the different countries, their needs, how [can this be made] an explicit part of the thinking rather than just continuing to serve the same areas.”*
- *“But how robust is the evidence that [civil society] produces? How do you adequately fund and support a vibrant civil society where it’s not either influenced by private funding which will have its own agenda or government funding [that is] influenced by a political frame? [We] need neutrality.”*
- *“Identify potential funding pots that they could use to develop skills within the workplace and highlight the areas of work around decarbonisation and the just transition, maybe even touching on things like automation.”*
- *“The Fair Work principles ... will help us in order to frame our discussions ... about money that’s come to Wales and especially how we can best support the [self-employed] and how we can ensure that [the spread of funding] is equitable and [how] we can...ensure that those workers have a voice ...”*