



Eich cyf/Your ref
Ein cyf/Our ref

At holl Aelodau'r Cynulliad

24 Awst 2017

Annwyl Aelod

Ysgrifennais at Aelodau'r Cynulliad ar 8 Mehefin, yn esbonio fy ymateb i Bapur Gwyrdd Llywodraeth y DU, "Building our Industrial Strategy". Nid oeddwn am ddatgelu'r manylion llawn ar y pryd oherwydd sensitifrwydd rhai o'r trafodaethau. Er hynny, addewais y byddwn yn rhoi gwybod i aelodau am unrhyw ddatblygiadau.

Amgaeaf yn awr ein hymateb manwl a ddarparwyd i'r BEIS yn gynharach yn y flwyddyn, ynghyd â chopi arall o'm llythyr esboniadol er hwylustod. Mae'r atodiad manwl hwn wedi'i atgynhyrchu yn ei gyfanrwydd fel y cafodd ei gyflwyno i'r BEIS ym mis Mai. Dylai Aelodau'r Cynulliad nodi nad yw wedi cael ei ddiweddarau i gynnwys unrhyw ddatblygiadau ers hynny.

Rydym yn dal i drafod pileri'r Papur Gwyrdd gyda Llywodraeth y DU. Rwyf hefyd newydd ysgrifennu at yr Ysgrifennydd Gwladol dros Fusnes, Ynni a'r Strategaeth Ddiwydiannol i ofyn am gyfarfod arall i adeiladau ar y trafodaethau a'r datblygiadau hyn.

Yn gywir

Ken Skates AC/AM
Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith
Cabinet Secretary for Economy and Infrastructure

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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.



The Rt Hon Greg Clarke MP
Secretary of State for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

20 April 2017

Dear Greg

I am writing to you with regard to your Green Paper '*Building our Industrial Strategy*'. I am also doing so on behalf of the Minister for Skills and Science, Julie James AM.

I was pleased to meet last month to discuss the Green Paper proposals and the process for taking this work forward. It was a constructive discussion and, as I said, I am keen to explore opportunities for the business community in Wales, our academic institutions and others to benefit from a partnership between the Welsh Government and the UK Government on industrial policies which bring benefit to the UK as a whole. I cannot overstate the expertise, experience and ambition that reside in Wales and I want to afford people every opportunity to thrive and prosper.

The Welsh economy has undergone remarkable advances in recent years with close to a record number of people in work and our employment rate increasing more than the UK average over the last 12 months. We are working hard to maintain this momentum and to safeguard and attract quality jobs to communities right across Wales. We will be setting out a new approach over the coming months with four, clear overarching strategies which recognise that co-ordinated interventions are the most effective way to support prosperity and growth. They will set out how we will work across government, to overcome the structural economic challenges we face.

It will be an approach that is much broader than a traditional economic or industrial strategy, more coherent and joined-up, which does not view economic development as something separate from our wider actions as a government. Therefore, my comments now on your Green Paper must be seen in that context as there will be much for us to return to in the coming months.

However, as a starting point, and ahead of the publication of our strategies, my officials have prepared the appendix attached to this letter which sets out a number of comments and proposals. Whilst it is comprehensive, it is not exhaustive, our officials should continue to work together over the coming months to identify and agree proposals of mutual benefit.

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I anticipate that my Ministerial colleagues will also wish to discuss issues relating to their portfolios with their UK Government counterparts. There has been no drive to 'name check' every issue, policy or proposal, especially given some commercial sensitivities, but the attached gives an early signal on a range of your Green Paper *pillars*.

The comments range in scope to mirror the fact that the ten *pillars* contain a mix of fully devolved, partially devolved and reserved matters. Therefore, the opportunities vary accordingly. For example: *Pillar 1 - Investing in Science, Research and Innovation* - contains a range of potential opportunities to attract UK-wide funding and we have included a number of proposals for Industrial Strategy Challenge Fund. These projects provide the opportunity to begin to address the historic imbalance in UK research funding that has come to Wales in recent years. In contrast, *Pillar 2 – Developing Skills* – is a fully devolved matter, but there are UK Government policies and actions which have an impact in Wales. *Pillar 3 – Upgrading Infrastructure* – contains a mix of devolved and reserved matters, including areas such as rail infrastructure where we would like to see greater UK Government spend in Wales. As a final example, *Pillar 6 – Encouraging Trade and Inward Investment* - is an area where we have a record of working collaboratively together. There are clear opportunities for strengthening the partnership, as set out in our White Paper, *Securing Wales' Future*, which outlines our key strategic interests and priorities as the UK prepares to leave the EU.

So it is a mixed picture, but there are clear opportunities and we should concentrate our efforts where there is greatest potential to collaborate, while respecting the devolution settlement and the competence of each of our governments. The powers and competence of the Welsh Government and the National Assembly must in no way be constrained by this process. New ways of working established through the proposals in the Green Paper cannot undermine, however unintentionally, the devolved competence of the Welsh Government, nor be assumed to set a precedent for future working as the UK prepares to leave the EU. As I said at our meeting, the devolution settlement must be fully respected. So long as this principle is clear, there is scope for strong partnership to promote our shared objectives.

To this end, I believe there is merit in developing a set of principles to guide us as your Industrial Strategy is finalised so that we can maximise collaborative opportunities whilst providing assurance that cross-border issues will be managed in a spirit of equal partnership, respecting the competence and accountability of each government and good practice in inter-governmental relations.

This approach would be particularly beneficial on matters such as the proposed sector deals. We have a number of operational questions which we would like to explore in greater depth, such as the rationale and criteria for selecting which sector deals to prioritise; how deals will interact with each other and the wider read-across to other economic interventions. It would be helpful for us to understand more fully the proposed "mechanism" for developing and reaching deals. We will, however, be inviting to Wales the industry leaders of the five early sector deals set out in your Green Paper so that they can at first hand the expertise and opportunities available in Wales.

We accept that some elements of industrial strategy are best viewed in a way which reflects the realities of economic integration across the UK. It is no part of this Government's agenda to erect fences around Wales which impede economic growth or development, and the dynamics of EU withdrawal only emphasise the need for closer working between administrations within the UK. Where there is respect for devolution and a recognition of the need for equal partnership among the administrations of the UK, you will find us a willing partner.

I looking forward to meeting with you again as your Green Paper is taken forward. I would be grateful if your Office could propose a date to meet in Wales or in London.

I am copying this letter to the Secretary of State for Wales.

A handwritten signature in black ink, appearing to read 'Ken', with a long, sweeping horizontal stroke above the letters.

Ken Skates AC/AM

Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith
Cabinet Secretary for Economy and Infrastructure

UK GOVERNMENT GREEN PAPER BUILDING OUR INDUSTRIAL STRATEGY

This document is an Appendix to a letter from the Cabinet Secretary for Economy and Infrastructure to the Secretary of State for BEIS in regard to the UK Green Paper, *Building our Industrial Strategy* and should be read in that context.

PILLAR 1 - INVESTING IN SCIENCE, RESEARCH AND INNOVATION

We welcome opportunities to work closely with the UK Government to inform policy and influence UK research funding allocations to Wales. Science, research and innovation funding must take account of differing strengths and needs across the devolved nations.

Industrial Strategy Challenge Fund

We also welcome the allocation of new funding for science, research and innovation within the Green Paper and we believe there are strong proposals for the Industrial Strategy Challenge Fund to deliver economic impact, jobs and growth across Wales. These projects provide the opportunity to begin to address the historic imbalance in UK research funding that has come to Wales in recent years. They include:

Developing the Compound Semiconductor cluster

- The Welsh industrial and academic lead in the compound semiconductor market is already recognised and the Innovate UK commitment to a Catapult Centre in this area reinforces this. We are looking to build on this capability to ensure that the UK also has a strong resilient supply chain from materials to end applications.
- South Wales is already home to globally significant business activities in Compound Semiconductors. In addition, Cardiff University has a comprehensive, world-class research activity linked to CS technology dating back over 25 years, recently strengthened by the appointment of a Ser Cymru Chair and research team. In addition, there is a concentration of well-established CS technology end-users and suppliers in the area such as Infineon, SPTS, Airbus, Tata, General Dynamics, Renishaw, Microsemi, Qinetiq, Sony.
- Two years ago, Cardiff University, IQE and the Welsh Government aligned their visions for CS innovation with the announcement of collective investments of over £80m in order to seed the ambition to create the world's first CS technology cluster in South Wales. The next critical elements of the cluster building will be unlocked by focussing on energising the industrial supply chain and up scaling the existing CS manufacturing infrastructure to provide a unique, large scale foundry capability. The scale of the vision requires an additional long term investment of around £100M in order to unlock a target economic impact to the UK economy.

National Steel Innovation Centre

- Our recent work with the steel industry has highlighted the need to focus on digitisation, servitisation (adding value through services) and development of new high value next generation products through working closely with end users e.g. the construction industry. The industry also has an objective to move to a more resource efficient model in the use of raw materials, energy and waste and reduces CO₂.

- The UK steel industry is an integral foundation industry based on its critically important relationships with high value sectors in the UK manufacturing economy such as automotive and aerospace. The industry contributes £1.2bn GVA for the UK economy with over half of UK steel exported, providing a major contribution to the UK's balance of trade. The steel industry directly employs over 30,000 people in well-paid and skilled jobs in areas of high socio economic deprivation.
- A series of public interventions are required to address the challenges facing metals industries and encourage closer collaboration with the supply chain. This includes the creation of an open-access innovation centre based in South Wales and connecting this with existing facilities in the UK e.g. WMG, funding for collaborative research and development to enable the supply chain to work together and funding for the research base to work on more ground breaking research such as late stage product differentiation and new processes.
- As an initial stage Tata and Swansea University have well developed plans to catalyse the creation of an open access innovation centre as a transition to the creation of an open access National Steel Innovation Centre. The NSIC will be a truly open access innovation centre and will engage with companies across the UK and beyond to develop new and novel processes and products. Access to the equipment and university researchers will be open to companies involved in the UK steel supply chain though separate collaboration agreements detailing research activities, timelines, outputs, IP and financial requirements.
- Discussions are underway with steel companies, processors, and end-users across the UK and other materials companies engaging in materials processing and energy intensive industries, each of whom has expressed strong interest in supporting the centre.
- Public funding will be required to support the operation of the National Steel Innovation Centre whilst the steel industry restructures and returns in the medium term to sustainable growth and profitability.

Building as Power Stations - SPECIFIC IKC

- There is a growing need to decarbonise homes. The industry contributes around 25% to our carbon footprint. We need to change the way we heat homes, to move from dependence on gas, generate electricity and become more efficient in the resources we use to meet carbon reduction targets. The building integrated market was estimated to be £41.1bn by 2019 and the Technology Needs Assessment commissioned by UK Government estimated solar thermal and heat pump and storage to be over £600Bn up to 2050, in the UK alone.
- There is an opportunity for Wales to be at the forefront of a new industry, adopting novel low carbon technology and developing new service and financial models for houses. Our energy priorities are clear. We are committed to reducing the amount of energy we use in Wales; reducing our reliance on energy generated from fossil fuels and actively managing the transition to a low-carbon economy. We will continue our flagship energy-efficiency programmes, with a focus on vulnerable people at risk of fuel poverty. SPECIFIC can play a key part in realising affordable, resource efficient, low energy buildings. Also, infrastructure and construction are seen as a major opportunity for steel and there is potential to challenge the construction industry to address the need for affordable low carbon housing. When the current building regulations sustainability review is complete, we will turn our attention to improving the energy performance of new buildings.

- This is of strategic interest to Wales with our ambition to address a housing shortage and as part of the de-carbonisation strategy to reduce the CO2 emissions from homes. The innovation and research at SPECIFIC has meant that Wales is working already towards developing a new industry in this area, enabling zero energy, low carbon homes and embracing new building techniques such as modular and offsite build. The next stage in the development of this project will be a pilot construction of houses in Wales to test these technologies, the business processes and training systems needed to enable large-scale commercial deployments in the future in partnership with private and third sector organisations.

Industrial Catalysis

- Cardiff University is developing a proposal (the M4 Catalyst Centre) to create an open access centre for the UK to become the world leaders in catalyst design and innovation. It will be led by Cardiff University working with Liverpool and Bath Universities and STFC Harwell by building on the network created by the UK Catalysis Hub and by linking with other institutions such as CPI and the Royce Centre. It has strong industrial support from SASOL, Unilever and Johnson Matthey. Catalysts will help create brand new industry sectors by unleashing commercial value from biological feed stocks, waste cellulose and waste streams.
- This new centre will be an open innovation platform that can help create substantial economic benefit for our industrial partners and for the UK economy via the creation of new, high value intellectual property based, manufacturing advances for new catalytic technologies.
- Initial economic modelling indicates that a UK government investment of £100m in this centre over the next five years can help to drive the creation of between £600m and £700m of total economic benefit for the UK economy. This impact will directly benefit current and future industrial manufacturers of catalysts and also a wide range of downstream materials and chemical industries which rely on commodity bio-derived and petroleum derived chemicals.

Advanced Manufacturing Research Institute (AMRI)

- AMRI will be an open access research facility in North East Wales which will support cross sector engagement and collaboration between Anchor and Regionally Important Companies, SMEs and FE/HE partners, in developing new manufacturing innovation, systems, processes and new technologies across a range of sectors including automotive, aerospace, nuclear, energy and food where there are considerable regional opportunities. In public and private sector partnership AMRI will develop manufacturing capability to enhance the quality, productivity and competitiveness of businesses of all sizes in North Wales and across the wider country.
- The AMRI will integrate skills, innovation, research and development strategically on a project by project basis through FE/HE partners with industry leading expertise and in depth regional understanding. It will be built and owned by the Welsh Government ensuring that it remains a long term strategic asset to Wales as well as to the adjoining Northern Powerhouse and the UK more broadly.
- The UK aerospace sector is the second largest in the world and has grown 39% in the last five years, driven by export and Airbus have committed to being the first anchor tenant of the AMRI to develop future wing technology in Wales. The industry has complex international supply chains and dependencies and is moving

towards lighter weight composite assemblies and the embedding of sensors to provide smart components. The UK needs to secure a position at the heart of the next generation of products and components, embedding skills, capability and technology within the UK.

Wider Science and Research Issues

There are also a range of specific and important issues on which we would like UK Government confirmation. These include:

- Continued access to EU research programmes such as Horizon 2020 and its successor FP9, or replacement of the funds from these sources;
- Ongoing Welsh participation in UK Research partnerships such as NERC, ORJEP, and participation of Welsh academic institutions in marine environment UK-funded research projects;
- The replacement of ERDF and other Structural Funds which are used to fund investment in research and innovation infrastructure; and
- Agreement to our case for Welsh Member of the UK Research and Innovation Board.

More generally, attracting new international talent to Wales to increase our already impressive scientific research and development capabilities is essential for our economic prosperity and ability to compete effectively across global marketplaces.

Sêr Cymru

- This is why we launched the Sêr Cymru programme to bring together Welsh Government, European and academic resources to place Wales at the cutting edge of research developments, addressing issues such as human disease, new energy sources and innovative manufacturing and materials technologies.
- Now in its second phase, Sêr Cymru II aims to build on the success of the original Sêr Cymru programme, which supported the establishment of four Sêr Cymru Chairs and three research networks in Wales across STEMM (Science, Technology, Engineering, Maths and Medicine) subject areas. The overall investment in the programme since its launch in 2013 now stands at nearly £100m. Building our research capacity has made Wales more attractive for further investment and helps to raise our profile on an international stage.

Sector specific

There are also a number of sector specific research and innovation opportunities. Too many to detail and do justice to in this document. For example:

- There are a number of innovative proposals in regard to energy and green growth, some of which we have referenced under Pillar 7 – Delivering Affordable Energy and Clean Growth;
- The Green Paper recognises nuclear as one of the key sectors and the Industrial Strategy must recognise the considerable opportunities in North West Wales where we are seeking to secure transformational benefits from Wylfa Newydd;
- We have also recently announced that more than €7m of EU funds will be invested in science and technology projects to help protect and develop the marine life and the fisheries industry in Wales and Ireland. The funding will support a scientific investigation of the opportunities and risks posed by climate change in the Irish Sea and the deployment of technology to reduce energy costs and help businesses develop new products and processes;

- There are innovative opportunities from transport-related technology, which will be seeking to exploit as we take forward metro developments;
- And as a final example we have significant strengths in leading-edge healthcare and medicine:
 - The neuroscience, neuro-degenerative disorder, ageing and dementia, mental health, neuropsychiatric genetics and genomics research capabilities at Cardiff and Swansea Universities, backed by the Cardiff University Brain Research Imaging Centre (CUBRIC), is a major concentration within the UK and an obvious target for collaboration exploitation with the UK Government, given a suitable initiative.
 - Advanced Connected Medicines and Health – focussing on applying personalised approaches to advanced medicines, therapies, and condition management, using particularly digital connectivity and real-time data to enhance medicines use and measure healthcare value and the healthcare economics case for adoption. As well as Advanced New Medicines & Health – building on cluster strength in precision therapies and regenerative medicines proximity to Advanced Therapy Manufacturing Centre, excellence in clinical research linked to clinical service delivery.
 - We also have many leading-edge companies based across Wales, such as Ipsen Biopharm in Wrexham, who innovative developments and therapies are aimed at improving people’s lives.

Discussions are taking place with Innovate UK on a number of proposals given the clear potential linkages to the Industrial Strategy Challenge Fund. There will be other opportunities as a result of the Science and Innovation Audits (SIAs), from conducting our own Welsh SIA and other developments.

PILLAR 2 - DEVELOPING SKILLS

Skills policy and delivery in Wales is devolved and this must be respected. However, a number of responsibilities and actions of the UK Government have an impact in Wales. For example:

- The introduction of the Apprenticeship Levy has caused difficulties for Welsh Government and for employers in Wales. The replacement of funds derived from the Barnett formula with levy funds has effectively replaced monies raised through general taxation with a specific employment tax. Welsh employers have supported the maintenance of direct funding for apprenticeship providers by Welsh Government, but are concerned by issues that arise with cross-border operations. There are particular issues on skills and STEM-related policy issues that are UK-wide and specifically cross-border around key infrastructure projects such as Wylfa Newydd;
- Wales has benefitted from inward migration of highly-skilled labour, not least to our universities and colleges. We do not believe students should be counted in national migration statistics. We also believe it is important to guarantee the visa and citizenship status of EU nationals working in universities and other high skill employers in Wales and the UK;
- A significant proportion of the funds to support employability and skills activity in Wales are provided through the European Social Fund. Unless the UK

Government provides replacement funding over and above the Barnett formula – in line with the undertaking by Leave campaigners that Wales would not be worse off as a result of leaving the EU - there will be significant difficulties in sustaining apprenticeships, traineeships and employment support programmes at the level currently provided. We need urgent confirmation that the UK Government will make good the shortfall from 2020 onwards;

- The Sainsbury Review of Technical Education provision in England and associated Skills Plan are areas where cross-Government discussion and agreement will be key. Following the winding up of the United Kingdom Commission on Employment and Skills (UKCES), there is now no pan-UK body for these discussions and for the development of policy. Regular Ministerial and Official quadrilaterals, as with the higher education and research areas of policy, need to be instated;
- At present, the differences between the English vocational and technical standards defined by employer groups and the frameworks operating in the three Devolved Administrations and linked to National Occupational Standards are not problematic. Looking to the future, if the UK Government sponsors a move to the US OSNET standards as part of vocational and technical education reforms in England, there will be a need for close liaison, not least because of the implications for awarding bodies like WJEC and Agored Cymru of this move and possible variation in the willingness of English awarding bodies to operate in Wales if the curricula, standards and frameworks become too dissimilar; and
- The three regional employment and skills partnerships in Wales have produced detailed assessments of the regional economies of the City deal areas in Cardiff and Swansea and of the growth deal area in North Wales. These plans identify sector strengths and future employment and skills needs. These plans are then used to help prioritise investment in the future provision of skills, further and higher education by a national network of providers. The Tertiary Education Authority proposed by the Hazelkorn Review will build on this work to encourage even better alignment between industry and employer need and further and higher education provision.

Under Pillar 2, the key areas where we are seeking UK Government confirmation on or collaboration with include the following:

- Removal of students from net migration targets;
- Visa and citizenship status guarantees for EU nationals currently working in Wales;
- Participation by Welsh universities in the post-study work visa scheme being piloted in England;
- Regular quadrilaterals on policy;
- Replacement of funds for employability and skills currently provided by the European Social Fund;
- That apprenticeship vouchers made available to employers in England be redeemable for apprenticeship provision in Wales, allowing companies with operations across the UK to purchase the specialist training available in Wales;
- Continued participation in ERASMUS+ scheme of staff and student exchange;

- Consultation, discussion and agreement about the operation of T-Level qualifications in Wales through joint working with the Institute for Apprenticeships and Technical Education and Ministerial bi-laterals or quadrilaterals;
- That Wales is fully involved in the development of any national sector strategies, especially as they relate to skill development initiatives, including the skills required by industrial sectors to transition to a low carbon economy; and
- The opportunity to continue our work with partners in synthesising areas of labour market intelligence so that we not only achieve a harmonised approach for the UK, but that this reflects the needs of the nations and regions. Also that projects are of a suitable size and sample distribution so that findings can be made available at the devolved administration level (or lower), reflecting that skills are a devolved matter, but are part of the wider UK labour market.

PILLAR 3 – UPGRADING INFRASTRUCTURE

Competency and executive functions in relation to the development or consent of national or local Infrastructure is complex with a mix of fully devolved, partially devolved and reserved matters.

On infrastructure generally, we would wish to see:

- The UK National Infrastructure Commission identifying proposals in non-devolved areas to address the future economic infrastructure needs for Wales including as a key part of the industry strategy;
- A fair share of funding come to Wales from any consequential funding announced by the UK government;
- Active engagement with us in the development of any policy or operational infrastructure interventions that have a material effect in Wales, for instance new cross or close-to border transport linkages; and
- Providing a greater degree of openness with industry about infrastructure investment plans to increase confidence, encourage investment and to enable industry to align their short, medium and long term decision making.

Digital infrastructure

UK Telecommunications policy is a reserved matter and the UK Government has the necessary legislative and regulatory levers to address market failure. We have a direct interest in telecommunications matters due to their societal and economic relevance in an increasingly digital world. We have invested in digital infrastructure through flagship initiatives such as Superfast Cymru to ensure that people have access to high-speed broadband where the telecommunications industry has struggled to make the case for investment.

We have worked closely with the Broadband Delivery UK team on existing broadband interventions and will work together to extend the reach of the digital infrastructure into the harder to reach parts of the country. Further extension of broadband and mobile services into rural heartlands will enable the rural economy to contribute more effectively to the industrial strategy.

It will also be important to ‘future proof’ digital infrastructure and enable the UK economy to respond to the rapid pace of technological advancements. We have a

regional Internet Exchange providing an ideal focal point for internet transit and peering. We also have recognised strengths in Cyber Security.

Data is driving our economy and will continue to underpin innovation and economic growth. South Wales already had a significant number of data-driven organisations innovating in this field, including a number of public sector data owners. We have published an Open Data Plan which clearly demonstrates our commitment to open data and drives improvements to public services, and helps to drive innovation and economic growth. Wales now has a growing reputation as an international leader in this field. The recent addition of the ONS Data Science Campus will enable it to act as a hub for the whole of the UK public and private sectors and build data science capability across the UK and beyond. This will include setting up extensive academic networks and delivery of joint research programmes with national and international partners.

Therefore, in terms of digital infrastructure, the UK Government needs to:

- Recognise that Wales faces specific challenges for digital infrastructure deployment such as low overall population density in UK terms and particularly challenging topography. This recognition must be reflected in the investment in digital infrastructure availability and quality across Wales;
- Ensure that Wales is considered when seeking locations for technology trials or test-beds for new, emerging and near future technologies. Such trials will inform at an earlier stage the likely barriers to the future roll out of the infrastructure required to support these technologies;
- Add value to our efforts to further extend broadband into rural heartlands and thereby enable the rural economy; and
- Recognise Wales' growing reputation as an international leader in the data field.

Transport Infrastructure

In terms of transport infrastructure:

- We reiterate our clearly expressed positions on the Severn Bridge tolls and the devolution of Air Passenger Duty;
- We want to see greater devolution of powers for the funding and specification of rail infrastructure;
- There needs to be greater UK spend on rail infrastructure in Wales as current arrangements see less than 1% of enhancement spending coming to Wales despite the 6% of track that is in Wales;
- We would wish to see a fair share of funding come to Wales from any change to policy that applies to UK wide financial instruments, so that Wales as a whole and its regions can benefit; The Industrial Strategy should acknowledge the potential of the Northern Powerhouse and HS2 to deliver cross-border benefits and should acknowledge North Wales as integral to the North Powerhouse; it should also acknowledge the potential for Highways England to develop infrastructure schemes and services that have cross border impacts in terms of improved connectivity and economic development potential; and
- Access to funding on a UK wide basis for transport improvements under the NPIF (including for autonomous vehicles, ultralow emission vehicles, smart ticketing) and collaboration on future focus/ development of such funding on a UK basis.

Waste Infrastructure

Waste is a fully devolved matter and we are actively looking at development of and investment in the waste supply chain in Wales, working with Welsh SMEs as well as UK and international operating companies. As part of this, we are looking for investment partners in new facilities and access to finance through the markets and possible EIB/GIB investment. The latest report published last month by Resource placed Wales third in the municipal recycling world rankings behind the leaders Germany and Taiwan. We have recently announced further funding developments to support Local Authorities for improvements which will help to boost recycling rates even further and support us in our ambition to become the highest recycling nation in the world.

Energy Infrastructure

We want to see close working with the UK Government to ensure that the investment plans and priorities of National Grid, Ofgem and Distribution Network Operators reflect the priorities of Wales. The UK Government needs to ensure that the investment approaches of Ofgem and Distribution Network Operators investment reflect our priorities and requirements and enable proactive investment to decarbonise the energy system, including supporting infrastructure.

PILLAR 4 - SUPPORTING BUSINESSES TO START AND GROW

Business support policy and delivery in Wales is devolved and this must be respected. However, a number of responsibilities and actions at a UK-level have an impact in Wales and we need to recognise that businesses will seek advice from multiple sources regardless of boundaries. Therefore, we would like to have closer working with the UK Government to see that advice and support for businesses is as clear as possible, adds value and is pragmatic in terms of meeting business needs. For example:

Access to finance

We already work with the British Business Bank, but there is greater potential to explore in terms of working relationships. We would like a stronger strategic partnership and closer links 'on the ground' with funding intermediaries, to provide more routes to alternative sources of finance for Welsh businesses. There is the potential for closer working relationships as the Development Bank for Wales as this goes forward.

We would like the opportunity to contribute to the 'Patient Capital Review' mentioned in the Green Paper before the consultation document is published and also before the final report is published in Autumn 2017.

Business Wales

To best meet the needs of business, we need to avoid duplication and confusion in the market place in terms of business support provision in Wales. We also need to ensure coordination and added value to support infrastructure focussed on strategic investments.

'Business Wales' provides gateway access for Welsh businesses and aspiring entrepreneurs to access the information, advice and support they require to start and grow their businesses. Since October 2013, Business Wales has administered the UK Government funded Start Up Loans in Wales. This forms an integral part of Business Wales and individuals can access the loans, business advice and on-going support. Business Wales is currently working with HM Revenue and Customs (HMRC) to provide information and workshops on related matters to SMEs in Wales.

PILLAR 5 - IMPROVING PROCUREMENT

Welsh Ministers have devolved competence in the area of public procurement in accordance with the general European Communities Act designation order secured in 2015. Whilst we are keen to ensure that procurement approaches are developed which promote consistency across the UK, we also focus on ensuring that public procurement policy and delivery supports maximum social and economic benefit for Wales.

The concordat on public procurement policy should be developed to support greater collaboration with the UK Government and the Welsh Government to help avoid overlap in policy development and delivery. Any new UK-wide frameworks on procurement which are developed post leaving the EU will need to be agreed between the UK Government and the Devolved Administrations and will need to be subject to independent arbitration mechanisms. There may also be opportunities on leaving the EU which we would want to explore fully.

We have collaborated with a number of UK Government Departments to support delivery of innovation procurement projects across Wales. These have provided some excellent outcomes in terms of solutions to public service delivery which we would be happy to share learning with the UK Government.

There would be benefit in sharing information collected on the analysis of procurement expenditure so that this data could be used to drive forward procurement of innovation. There would also be benefit in discussions on commercialising innovative procurement beyond the UK, using all levers to support international trade as well as how procurement can be used to support the drive to a clean, low carbon economy, including supporting supply chain development.

It would be helpful for the UK Government to share its detailed plans following the Dr David Connell review for greater adoption and modification of the Small Business Research Initiative (SBRI) as this would provide visibility of the pipeline of work and areas of potential collaboration and support. In doing so it would enable commercial opportunities to be exploited fully, driving innovation, creating new markets, products and services and leading to creating high-value employment in areas of greatest need. We are now recognised as a leading participator in and user of SBRI and are keen to use challenge-led public procurement intelligence to drive up the use of SBRI approach.

The Green Paper refers to public contracts delivering “best value for the taxpayer”. A new approach to determining best value needs to be defined to factor in indirect costs to contract award decision making.

Finally, there may be a need to review ‘Managing Public Money’ to allow public bodies to consider part payment in advance of delivery of innovative solutions. Cash flow can often be a barrier to SMEs and the rules do not make it easy to make payment before partial or full delivery of contracts. Such an approach could reduce the cost for SMEs to access finance.

PILLAR 6 - ENCOURAGING TRADE AND INWARD INVESTMENT

Securing Wales’ Future outlines our key strategic interests and priorities as the UK prepares to leave the EU. There are six key areas which we believe need to be addressed in negotiations: the Single Market and international trade, migration, finance and investment, constitutional and devolution issues, Wales’ social and environmental protections and values, and transitional arrangements. We have been clear that:

- Full and unfettered access is needed to the Single Market for goods, services and capital (including our key agricultural and food products);
- We believe it is essential that transitional arrangements form part of Article 50 negotiations to avoid the prospect of a ‘cliff edge’. The transitional arrangements should secure continued access to the Single Market;
- Regardless of the long-term conclusion, we believe that the UK should remain in the Customs Union, at least for the transitional period, to provide continuity and stability for exporters and importers; and
- The benefits of continued Single Market access might be achieved on a transitional basis through continued membership of the EEA (with an application for EFTA membership as needed). This option, with appropriate provision to support continued trading opportunities for Welsh and UK primary agricultural and fisheries produce, should be fully considered.

Trade policy

Two thirds of identifiable Welsh exports go to EU countries. This is why we set out our expectation that the UK must retain full and unfettered access to the Single Market and that the UK Government should present a solid evidence base for withdrawing from a Customs Union with the EU including:

- Evidence on the costs of any new non-tariff barriers or frictions that result from reduced access to the single market;
- Evidence on the benefits/costs of no longer being part of the Customs Union;
- Impact assessments for free trade deals; and
- Identification of threats and opportunities for the different deals proposed.

Close working relationships are needed, given the direct impact on devolved matters, such as agriculture. A formal process is needed for us to work with the Department for International Trade (DIT) as trade deals are developed.

Supporting exporters

We have specific requests in regard to the individual strands of the future approach set out in the Green Paper:

- *Improving market access for exporters:* We request a closer, more formal working relationship with the UK Government with regard to developing future trade policy and identifying new markets as well as existing markets that can be developed.
- *Creating a more proactive approach to winning overseas contracts:* This approach may focus on helping large companies win large contracts. We need to ensure that Welsh companies are included in the 'Team UK' approach – not only large companies - but supply chain opportunities for smaller businesses;
- *Increasing defence exports:* We have a strong defence sector in Wales, and there should be opportunities for prime contractors and supply-chain businesses;
- *Doubling export finance capacity:* UK Export Finance's (UKEF) services are available in Wales and there is an Export Finance Adviser in Wales who works closely with us. However, there needs to be greater awareness of UKEF support;
- *Making government trade services easier to use for firms:* The new digital platform has some benefits. However, access to information and advice needs to be improved. Signposting to support available from the Welsh Government is poor – especially for exporters, who are not offered the option of meeting with a trade adviser. There needs to be recognition that support for exporters in Wales is available from the Welsh Government and be reflected on great.gov.uk. We are keen to work with the UK Government to adding value to trade services and removing duplication where it exists;
- *Joining up trade and investment promotion with local areas:* The Green Paper, references trade missions by the Northern Powerhouse and Midlands Engine regions, combining the activities previously undertaken by the LEP regions. There needs to be greater join up with Wales and more liaison on trade missions and trade shows. As yet, there is no visibility of the dates and destinations for trade missions in 2017/18; and
- *Strengthening the value from trade shows:* There are no specific actions outlined. The current arrangements for a UK pavilion at trade shows are complicated. We are aware that the UK Government wants to simplify this and we are already engaging with the DIT. Support to create trade fairs may link in to our work on major events team to attract significant trade fairs to Wales.

Inward Investment:

The Green Paper document sets out the intention to develop a more strategic approach to inward investment: We are keen to work closely with the UK Government to develop its approach to attracting inward investment.

We would like to see improved sharing of inward investment leads both in-market and in the UK. We want to ensure that Wales is included in the 'One Team' approach to promote the UK and its regions equally. We will need to work with the UK Government to ensure our offer is up to date both in-market and in the UK.

More specifically, a greater emphasis needs to be placed on the proportional value of an investment to a UK region. Currently, the formulae used to calculate the value of an investment to a region are disproportionately weighted. Secondary investment outside of London could be included as part of a new strategic approach to ensure the whole of the UK benefits.

Finally, we have developed a ‘pitch book’ to promote infrastructure projects to potential investors and would want projects to be showcased by the UK Government alongside those of the Northern Powerhouse and Midlands Engine. We would also like to see reference to the cross-border opportunities referenced in those pitch books.

PILLAR 7 - DELIVERING AFFORDABLE ENERGY AND CLEAN GROWTH

Whilst energy policy is generally non-devolved, decisions by the UK Government impact on many areas of devolved competence such as our broader economic, skills and transport policy, as well as legislative commitments such as Welsh Carbon Budgets. Therefore, it is critical that we are consulted and involved.

There must also be recognition that there is a cost to local communities to host energy developments and other industrial infrastructure, and that any policy framework recognises the importance of benefits being maximised at a national, regional and local level.

Greater engagement is needed in the development of UK policy in relation to affordable energy and green growth. The success of our own approaches to industry and supporting the transition to a low carbon economy will be affected by UK Government action or inaction, so it is important that we are part of the discussions regarding approaches to support greater energy efficiency, research and innovation in smart technologies.

The review of opportunities to reduce the cost of achieving decarbonisation goals in the power and industrial sectors is important. The UK Government must look at all options to reduce the cost of decarbonisation. The current commitment refers explicitly to trying to reduce the cost of offshore wind – but we know that the cheapest forms of low carbon energy generation are now onshore wind and solar, which have been excluded from subsidy. This opposition to particular technologies and their exclusion from Contract For Difference rounds going forward are arguably driving up the cost of decarbonising our power supply. We ask, therefore, that the review is more ambitious in its scope.

It is unclear from the Green Paper how the UK Government aims to lower energy costs for businesses whilst continuing to meet decarbonisation objectives. If cost-savings for the industrial sector continued to be passed on to consumers – thereby potentially increasing fuel poverty issues – or if there was a lessening of ambition and central UK Government support in helping the industrial sector decarbonise, thus presenting Wales with significant issues around decarbonisation.

We have consistently raised the urgent need to reduce the still significant energy price differential which means that UK based energy intensive industries, including steel, still pay much more for their energy than their European competitors. Whilst the UK Government support has compensated certain electro-intensive industries from some of the impacts of high electricity prices, even after all elements of that support are applied energy intensive industries continue to pay significantly higher

prices for their electricity than their international competitors. More needs to be done to reduce this disparity urgently.

We have sought to mitigate the impact by taking action through our Environmental Protection Scheme to deliver key support to the steel sector in Wales to enable it to become more energy efficient and reduce the impact of their operations on the environment. However, energy prices continue to impact on their ability to operate on a level playing field internationally.

Tidal Lagoons have the potential to create a hive of RD&I activity around tidal energy systems. The Hendry Review into Tidal Lagoons identifies Wales as a potential first mover location. This is of UK and world importance because of its 'first of a kind' status and opportunities should be exploited for RD&I clustering. The UK Government's response to the Hendry review is still awaited.

Marine Energy has significant growth potential over next five years in Wales if properly supported. Marine Energy, especially Wave & Tidal Stream, has great potential for indigenous business growth and inward investment with the two zones licensed from The Crown Estate in Anglesey and Pembroke. There is also the potential for significant export opportunities for Welsh-developed technology and supply chain.

To deliver secure and affordable low-carbon energy, we need a mix of different technologies and sizes, from community scale to major projects. In the medium term, this means transitioning to low-carbon generation, which includes nuclear. Here, the UK Government must use its influence wherever possible to encourage developers and contractors to consider the Welsh supply chain and products for contracts and services within the UK. In particular, under *Harnessing the industrial opportunities from new energy technologies*, there need to be tangible opportunities for the supply chain of the Wylfa Newydd project. We must be included in discussions on Supply Chain Plan development to help shape 'local' content.

There are a number of areas in the Green Paper where we would seek involvement, for example the review into greater energy efficiency; the work of the 'Office for Low Emission Vehicles'. These are important given the footprint of the automotive sector in Wales, the programme of research and innovation in energy storage and other smart technologies and in light of the recommendations of our Low Carbon Vehicle expert steering group our wider plans to increase energy efficiency across manufacturing and other sectors.

On international trade, there are clear areas where we can benefit from collaboration with the UK Government. We have representation in a number of countries and can capitalise on industrial strengths in energy industries to increase the UK's share of global markets. Strengths in decommissioning are specifically mentioned and Welsh companies have expertise gained from their involvement in Trawsfynydd.

We are also leading innovate work on Smart Living working with local authorities to develop smart living projects that will result in a shift to local energy systems and being smarter with how we generate and use energy. It will also integrate with other areas for wider impact, for example in health and transport. This program benefits

from collaboration with the OFGEM innovation fund, the Energy systems catapult and BEIS Smart energy and Heat programmes.

Finally, we continue to encourage Welsh organisations to apply for Innovate UK funding and our Energy Distribution Organisations to apply for NIC/NIA funding for demonstrators in Wales.

PILLAR 8 - CULTIVATING WORLD-LEADING SECTORS

The Green Paper outlines the UK Government's proposals to cultivate world-leading sectors. In 2008, we adopted a priority sector approach to economic development based on the macro and technology trends that were important global influencers on economic development. These included the sub-sectors identified in the Green Paper as areas for early work – life sciences, automotive, digital, nuclear and creative industries.

The development of these sectors was guided led by industry-led panels that advised on opportunities and used their sector expertise to identify the needs of the sector and opportunities for business growth.

This approach has driven very important successes. In the last Assembly term, nearly 150,000 jobs were supported through Welsh Government help with many more in local supply chains. These interventions and the creation and protection of these jobs have helped us to have a lower unemployment rate than England, Scotland and Northern Ireland and a faster rate of employment growth than the UK average. GVA per head is growing faster in Wales since the crash than in the UK as a whole and there is an improved economic activity rate.

We are now sharpening our approach to focus on regional, place-based challenges so that we can support more balanced growth across all parts of Wales, outside of the more securely established centres of growth, in rural and urban areas. This re-evaluation and renewal will be set out in our Prosperous and Secure Strategy in the coming months. Our proposal is to establish a smaller number of national, foundation sectors - such as healthcare and energy - which are important to every area of Wales, be they rural or urban and where we could take the lead in supporting right across the country. We will also work with each region more closely to develop their own clearly prioritised and specialised sectors, bringing not only greater growth for the Welsh economy in the aggregate, but a more balanced economy.

The timing is therefore ideal for us to engage with elements of the sector work set out in the Green Paper. In particular, the early work being undertaken by Sir John Bell on life sciences; Richard Parry-Jones on the transition to ultra-low emission vehicles; Juergen Maier on industrial digitalisation; Lord Hutton on improving UK competitiveness and skills in the nuclear industry; and Sir Peter Bazalgette on the creative industries. We extend an invitation to all of these industry figures to come to Wales to see the existing strengths and future opportunities we have in these sectors, and more widely:

- The **Life Sciences** sector in Wales employs around 11,000 people in over 350 companies. It is a diverse sector, research-driven and global with its characteristics constantly changing as new sub-sectors emerge and develop. For example, some opportunities are already referenced in this document under Pillar 1 around leading-edge healthcare and medicine;
- The **Automotive** sector has around 150 companies employing nearly 20,000 people in Wales. The sector encompasses international systems and component manufacturers as well as engine plants. Wales is well positioned to lead work on the transition to low carbon vehicles from transport, economic and environment policy perspectives. We have a strong base in advanced materials and a strong skill base for advanced manufacturing, particularly in electronic assembly. Within the research base, we have, for example, expertise in testing and characterisation of batteries, vehicle to grid and advanced materials, printing and coating technology as well as power electronics. The development of the Compound Semiconductor catapult will also complement the evolution of this industry;
- In **ICT / Digital**, Wales is well placed to explore a range of opportunities, such as increased use of big data to understand more accurately cross cutting challenges and opportunities on a national scale as well as using new sources of data to inform cross-cutting policies and interventions. We already have a framework in place, *Delivering a Digital Wales* aimed at making Wales a digital nation;
- The Green Paper recognises **nuclear** as one of the key sectors but it is disappointing that there was no reference to the significant potential offered by Wylfa Newydd, where we plan to secure transformational benefits from, the largest infrastructure project Wales will see in a generation. It is important that the UK Government recognises the interdependence between nuclear and other key sectors of the economy. Provisions through the Industrial Strategy must recognise the pipeline of major UK infrastructure projects the opportunities and challenges they present. This is especially for the supply of construction labour; ensuring the supply of right skills at the right time; the need for portability across sectors; the challenge of pump priming provisions and supply chain capacity building ahead of Final Investment Decisions being made by developers; and
- In **Creative Industries**, there are more than 80,000 people working in the 'creative economy' in Wales and our long-term objective is to provide an outstanding environment in Wales for the creation of digital creative content. We work with the UK government in several policy areas but there are opportunities to improve this engagement. We would like to be involved in the work Peter Bazalgette is undertaking and would like clarity on how this work fits with that of the Creative Industries Council.

Our interest in engaging in the above work is clear and strong. However, we have a number of questions about the nature of the sector deal mechanism being proposed in the Green paper, such as the rationale and criteria for selecting which sector deals to prioritise; how deals will interact with each other and the wider read-across to other economic interventions. It would be helpful for us to understand more fully the proposed “mechanism” for developing and reaching deals. In particular, there must be respect for the devolution settlement and the competence of the Welsh Government must in no way be constrained. With this principle clear, there is scope and opportunity for strong partnership on collaborative opportunities.

We were disappointed to see virtually no reference to **steel** in the Green Paper. The future of the steel industry and steel related businesses is hugely important in Wales. As we have stated earlier in this document, the UK steel industry is an integral foundation industry based on its critically important relationships with high value sectors in the UK manufacturing economy such as automotive and aerospace. We have worked closely with the industry and their recognised trade unions to support them, their workforce and their supply chains to get through difficult times, modernise and develop a long-term vision for a sustainable future. However, we have repeatedly called on the UK Government to tackle urgently the UK's high energy costs which are fundamental in ensuring the steel industry has a sustainable long term future.

We have strengths in a wide-range of other sectors and subsectors, which we will not list exhaustively in this document but include:

- **Construction** - where we would like to see close working with the UK Government on key infrastructure investments into Wales and spin-off benefits for Welsh construction companies. More collaborative working would be useful with an increased focus on high-value opportunities for the Welsh construction supply chain and selling Welsh capability to support large overseas projects;
- In Wales, **manufacturing** has a long tradition and is a key component to delivering a balanced economy. We have a diverse and expansive **Advanced Material and Manufacturing** base with significant capability in aerospace and defence, automotive technologies, high value manufacturing and foundation industries. We are engaged with the UK Government on a range of sector policy areas and with a number of UK Institutions. For example, we participated in the UK Foresight project on the Project Advisory Group. We are also engaging with the Aerospace Growth Partnership and Automotive Council, the Defence Growth Partnership (DGP) and Defence & Security Organisation (DSO). There are over 160 companies in Wales serving the Aerospace & Defence sector, employing more than 20,000 people. Major global companies with Welsh operations include Airbus, Raytheon, GE, BAE Systems and General Dynamics. There are 6,500 people employed at Airbus Broughton in North Wales at the civilian aircraft wing plant, and a cluster of aerospace expertise in the surrounding area providing components and Maintenance, Repair and Overhaul services. The numbers are equally impressive in the Welsh Automotive sector, with 150 companies employing over 18,000 people across major companies such as Toyota in North Wales and Ford in South Wales. Over 20 million automotive engines have been produced in Wales. And Aston Martin are going to be opening a new assembly facility at St Athan in 2019;
- Wales is home to some of the world's biggest names in **Financial and Professional Services**, such as Deloitte, Legal & General, Admiral and Lloyds Banking Group. North Wales is already home to successful businesses like Avox and Moneypenny in Wrexham and Moneysupermarket.com in Ewloe. We have an impressive foundation in retail banking and general insurance. The growth in asset finance, wealth management, life insurance and pensions and advisory services has broadened the sector more recently. However, the sector would benefit from a greater presence of UK Institutions in Wales, such as the Financial Conduct Authority, Open Data Institute, TechUK, TechCity and so on;

- We have made reference to the **Energy and Environment** sector in other parts of this document, given its importance for Wales and its enabling role across the wider economy. This sector includes energy generation and use; renewable energy; emerging low carbon energy and technologies and environmental goods and services. It also provides opportunities for creating jobs for a sustainable economy, delivering resource efficiency and driving forward the low carbon, low waste agenda;
- The **Tourism** sector makes a significant contribution to the economic and social well-being of Wales. It has a key role to play in reinforcing a distinctive and compelling national identity for Wales in the UK and internationally as a place to visit, invest in and as a place to do business. Wales has developed a distinctive offer, with imaginative product development. The UK institutions and Visit Britain must continue to actively support and promote this activity. There is also a growing need to address the skills challenges in the context of leaving the EU as well as raising the economic value of the sector for businesses and its employees;
- **Agriculture and fisheries** sectors are directly affected by Wales' Single Market participation, given the high level of the EU's Common External Tariff on agricultural products. We believe at this stage that remaining part of the EU Customs Union, including for primary agricultural and fisheries products, remains the best position for Welsh and UK business. We have urged the UK Government to adopt this as the top priority for EU negotiations. Moreover, Welsh farmers and landowners currently benefit from around £274 million each year in direct subsidies under the CAP, while the fishing industry and Welsh coastal areas benefit from more limited funding from the Common Fisheries Policy (CFP). We have set out key issues for the resilience and sustainability of Welsh agriculture and fisheries in our White Paper, *Securing Wales' Future*; and
- Our **Food and Drink** sector is a growing and thriving high-quality sector and brings enormous value to our economy. Our Action Plan 'Towards Sustainable Growth' sets a roadmap, working in partnership with industry through the Food and Drink Wales Industry Board, to grow the sector by 30% by 2020. There are challenging times ahead as almost 90% of our food and drink exports currently go to the EU. We will continue to raise Wales' international profile and proactively sell our quality food and drink produce to the world as well as showcase Wales as a premier destination for inward investment.

In terms of skills, our Regional Skills Partnerships have identified sectors of economic significance. Regional skills delivery not only remains a key policy focus going forward but is part of a growing agenda set against a context of a strengthened UK Government-driven, regionally focused skills landscape, involving City Region deals and Growth Bids. Regional Skills Partnerships (RSPs) have a key role in producing regional intelligence informed by employers. As a result they have developed robust employer engagement strategies to capture the skills needs of the region, and in particular needs associated with regional infrastructure projects and priority sectors.

Each RSP produces an annual employment and skills plan, identifying priorities for their region based upon employer need. Regional employment and skills plans identify key economic sectors and are driving planning decisions for providers and providing a critical evidence base from which to make skills investment decisions.

In North Wales, the priority sectors identified by the RSP are Advanced Materials and Manufacturing, Energy and Environment and Construction. Their employment and skills plan also acknowledges the importance of growth sectors identified as Creative and Digital, Health and Social Care, Tourism and Hospitality and Food and Drink Manufacturing.

In South West and Mid Wales, the priority sectors identified by the RSP are Life Sciences, Energy and Environment, Advanced Materials and Manufacturing, Creative Industries, Construction, Digital/Information and Communication Technology, along with the foundational economy sectors.

In South East Wales, the priority sectors identified by the RSP are Advanced Materials and Manufacturing, Construction, Financial and Professional Services, Information Communication Technology and Human Foundational Economy (Care, Health and Education).

Any move to develop a UK sector strategy must take into account Welsh sectoral prioritisation. As stated earlier, there are specific cross-border issues with a national sector approach due to devolution issues such as NOS, Welsh Apprenticeship system/ impact of Levy, support for business and so on.

PILLAR 9 – DRIVING GROWTH ACROSS THE WHOLE COUNTRY

We have already set out within this document a range of proposals for the UK Government to consider which would drive growth in Wales.

Given the porous nature of the economy on the Wales / England border, there is a need, wherever possible, for cross border collaboration for mutual benefit and efforts to avoid duplication or unnecessary bureaucracy for businesses.

PILLAR 10 – CREATING THE RIGHT INSTITUTIONS TO BRING TOGETHER SECTORS AND PLACES

Much of what is covered in this Pillar is devolved and therefore we do not have many comments. However, in relation to three of the specific commitments in this Pillar:

- We support the Department for International Trade's review into how it identifies priority investments, including the impact they can make in local areas and the role it can play in attracting investment across all regions of the UK;
- The Cabinet Office review of the location of government agencies and arms-length bodies should consider Wales as a relocation venue and we will work with the UK Government on any such opportunities; and
- We have made reference earlier in this document for the need for a stronger strategic partnership with the British Business Bank and closer links 'on the ground' with funding intermediaries, to provide more routes to alternative sources of finance for Welsh businesses.