



Consultation response

Economy, Infrastructure & Skills Committee Inquiry: City Deals and the Regional Economies of Wales May 2017

1. The Wales TUC

- 1.1 The Wales TUC is the collective voice of the Welsh trades union movement and is the largest democratic membership based civic organisation in Wales. With over 50 affiliated trades unions representing around 400,000 workers in the public, private and third sectors; the Wales TUC represents the views of workers in communities across the whole of Wales. A constituent part of the British TUC, the Wales TUC has devolved responsibility for Welsh issues, including all matters within the remit of the National Assembly for Wales and the Welsh government.
- 1.2 Unions in Wales elect delegates to the Wales TUC Conference which decides collective union policies for Wales and itself elects the Wales TUC General Council to oversee the delivery of Welsh policy. The Wales TUC also delivers UK wide and international matters as part of the TUC.
- 1.3 The Wales TUC plays an integral role in the social partnership model of governance developed with the Welsh Government and employers in Wales. Our aim is to make Wales a fair work nation.
- 1.4 We welcome the opportunity to make this formal response on behalf of the Welsh trades union movement. It represents the collective views arrived at democratically on behalf of all our affiliated unions and their memberships. We approach consultations in this way rather than organise 400,000 individual responses however our single collective response should be given due consideration appropriate to the weight of numbers it represents.

2. Background and Context

- 2.1 This submission provides an overview of the Wales TUC perspective on how economic policy should relate to and support regional economies and the emergence of City Deals.

- 2.2 It does not provide an exhaustive analysis of each City and/or Growth Deal in Wales.
- 2.3 Wales TUC believes that all levels of government should work to create regional economies where access to fair work and the eradication of poverty are the hallmarks of success. While we welcome the investment and strategic policy opportunities presented by regional approaches in the form of City Deals, significant questions remain around their governance and relationship with both Welsh and UK governments.
- 2.4 Further to this, we observe the UK government's pursuit of a Deal based approach to economic development in the context of its broader policies of austerity since 2010. These have delivered a derailed post-recession recovery, swingeing cuts to public budgets and decimated capital investment as well as contributing to an exponential rise in insecure work and in work poverty.
- 2.5 The long term effects of the Barnett formula and real terms cuts to the Welsh government's budget also mean that the financial support offered by the Treasury through City Deals still falls short of the investment Wales deserves.
- 2.6 As the UK government has made no commitment to replace EU funding after the current programme of investment, Wales risks losing out on further financial resources. Even if the UK had voted to remain in the EU and Wales had not qualified for a further round of funding on the same terms, the Welsh government would still have received significant investment. If for example, West Wales and the Valleys did not qualify as a 'less developed region', it is likely that funds worth around 60% of the 2014-2020 allocation would have been provided by the European Commission post 2020.
- 2.7 Against this backdrop, it is more important than ever that the opportunity presented by City Deals is used to create a fairer, stronger Welsh economy.

3. Governance and Accountability

- 3.1 All City Deals should embrace a social partnership approach with trade union involvement to ensure that the voice of working people in each region is represented as well as that of employers and local government.
- 3.2 From steel and nuclear power to social care and automotive, trade unions represent workers in a wide range of sectors across all Welsh communities. It is essential that the democratic and independent voice unions represent is able to scrutinise, support and challenge the objectives set out by City Deals.

- 3.3 At present trade unions have been involved in the informal structures which have formed the 'bids' for the City Deals but it is now important that a role of the Wales TUC – as the collective voice of organised labour - is formally provided for in social partnership.
- 3.4 A formalised approach is required more broadly to ensure there is greater transparency around how objectives are set and decisions are made. As local authorities cede elements of their autonomy to a regional level, checks must be put in place to ensure that narrow but powerful private interests are not allowed to disenfranchise communities or place profit before people.
- 3.5 The work presented by City Deals to date is still short on detail in many areas. We would welcome more detail on the new jobs projections for the Cardiff and Swansea City Deals in particular.

4. Co-ordination with Welsh Government

- 4.1 More clarity is now needed around how all Deals will relate to Welsh government policy which cannot be detached from the goals set for each region. The way any City Deal operates in Wales will be different to that of similar projects in England due to the devolution settlement within Wales which must be respected by all decision makers across all City Deals.
- 4.2 The Welsh government has indicated a welcome move towards a new 'Economic Contract' which addresses regional inequality and uneven growth in Wales. A further pledge to focus on new 'national foundation sectors' including energy and healthcare should also inform how regional economies are organised and supported.
- 4.3 Equally important is the development of the new Employability Programme which has been proposed as a more holistic approach designed to address the barriers workers face in accessing and retaining employment as well as progressing at work.
- 4.4 The Programme for Government also commits to prioritising manufacturing as a key sector for growth as well as committing to Wales TUC's Better Jobs, Closer to Home proposals linking economic strategy with a place based approach to tackling poverty and disadvantage.
- 4.5 Wider developments such as the Wellbeing of Future Generations Act and the proposed National Infrastructure Commission for Wales will seek to oversee/monitor national priorities within key regional projects. It is therefore essential that the role of Welsh government is respected and understood within the City Deals structures which should be in no way undermined by the UK government.

- 4.6 Despite these challenges - which are not insurmountable - the emergence of City Deals within regional structures that respects Welsh devolution does offer a promising opportunity to strip away the overgrown forest that is the many groups and boards which have dominated economic policy in Wales. Having called for a streamlined approach with a relentless focus on delivery, we are encouraged by the opportunity City Deals present to deliver more responsive and bespoke economic interventions and direction.

5. Priorities and Challenges

- 5.1 Communities across Wales need to grow together in a fairer, stronger Welsh economy. Planned, strategic government intervention is required to address the scale of this challenge.
- 5.2 It is crucial that City Deals do not merely encourage the market to develop more quickly along existing lines as doing so would serve only to reinforce the economic inequality that has left too many facing poverty in Wales. As well as boosting the narrow metrics of GDP and GVA, City Deals must work to protect and improve the living standards of those who are disadvantaged by economic inequality within regions. While we recognise the evidence that city regions are globally proven to drive growth, the population spread within Cardiff Capital Region means that a greater focus is needed on opportunities that match the economic attributes and needs of industrial communities. Put simply, a supply side, city focussed approach will not work.
- 5.3 The objective should be clear; people and communities across the region must be able to realistically access the benefits brought about by any City Deal.
- 5.4 Improving the quality of jobs in local labour markets is fundamental to this task. City Deals will fail if in work poverty is ignored and vague goals on 'worklessness' are used as a gloss for inaction. An important test of this task will be the new Employability Programme which should mean better cross departmental and agency working to provide a seamless system of support for all ages. With a 20 year programme of work, City Deals offer an important opportunity to help working people access better jobs with real progression and the stability to guard against narrow short term interests promoted by some employers who consistently refuse to offer fair pay and meaningful training.
- 5.5 Treating such goals as implicit or peripheral would risk repeating previous failures while missing a major opportunity to bring about greater social cohesion at a time when communities are increasingly divided.
- 5.6 When setting out visions of the future, City Deals need to acknowledge the cynicism felt by many working people who have endured the longest squeeze on wages since the 19th

Century, seven years of major public sector cuts and benefit cuts hitting those both in and out of work.

- 5.7 Wales TUC launched the Better Jobs, Closer to Home campaign in 2015 to provide a vision for how strategic intervention can turn the resources we have at present into practical outcomes for a stronger and fairer regional economy. This approach specifically called for the reservation of public contracts to support disadvantaged people into work with fair terms and conditions and the development of employment and training hubs to help those facing the greatest barriers to sustainable employment.
- 5.8 In addition to this pilot approach for the South Wales Valleys, the campaign called for all appropriate new investment to be targeted at those communities in greatest need of support. We welcomed the commitment by the Welsh government to pilot Better Jobs, Closer to Home employment and training hubs and the decision to locate the Transport for Wales HQ in Pontypridd. Each City Deal should prioritise the development of new infrastructure, including the South and North Wales METROs, as opportunities to deliver fair work outcomes. The ongoing development of the South Wales METRO offers a particularly strong opportunity to prove the commitment of the Cardiff Capital Region Deal to transforming the Valleys economy. A first order question for the City Deal and Welsh government must be, how do we turn this public investment into better jobs, closer to home to prevent avoidable poverty and disadvantage?
- 5.9 With this approach in mind, City Deals should look at innovative ways to maximise the benefits of agglomeration which have previously been out of reach for individual local authorities.

6. Conclusion

- 6.1 Wales TUC looks forward to working in collaboration with all of the City Deals established in Wales. We fully recognise the need to exploit the status City Deals offer to boost the global standing of our regions and the inward investment and broader commercial opportunities this can bring about. However, there is no need for such an approach to be offered as an either/or when we face the task of tackling poverty and social injustice.
- 6.2 The test communities will rightly apply to any City Deal structure - which will still feel remote to many - is whether it delivers more and better jobs in a labour market where one in four workers is paid less than the living wage and one in ten work in some form of precarious employment.
- 6.3 City Deals must be part of an all Wales economic approach based on social partnership with the specific goal of making Wales a fair work nation.

