

Pwyllgor yr Economi, Seilwaith a Sgiliau/ Economy, Infrastructure and Skills
Committee
EIS(5)-18-17 (p4)

Russell George AM
Chair, Economy, Infrastructure & Skills Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Monday 3rd July 2017

Dear Russell

I am sorry that timing meant that FSB Wales was unable to come to meet with the Committee recently and give evidence to support the Committee's inquiry into City Deals and the Regional Economies of Wales. However, I was pleased that the Committee had the opportunity to meet with my colleague in Glasgow and I hope that FSB's insight from the Scottish experience was of value to the Committee.

The purpose of this note is to support our previously-submitted evidence and to give additional perspective on our view and on some of the conversations surrounding the regional economic development agenda.

Within the timescale of the Committee's inquiry, the conversations around city deals have gathered pace as have further conversations about the regional collaboration of local government in Wales. FSB Wales very much welcomes these conversations and we see the development of a new perspective on the regional economies of Wales as a very positive process.

I was interested to read the transcript of the session on 25th May at which the Committee heard from Cllr Andrew Morgan and Ms. Sheila Davies regarding the Cardiff Capital Deal and business engagement with it.

It was concerning to hear Ms. Davies' perspective that FSB Wales (and South Wales Chamber of Commerce) previously didn't '*fully understand how much money there was in the city deal, what the governance processes were and what their role was. They were working on lots of assumptions and perceptions, what they've read and what other people have told them*'.ⁱ

I would certainly contest the suggestion that FSB Wales has been under any misapprehension as to the amount of money tied up in the Cardiff Capital Region Deal or that we have been working on presumptions or perceptions. Since the start of the process, FSB Wales has been a vocal supporter of the deal and the opportunities around it and on two occasions, we along with other members of the business community have issued joint statements pointing to the importance of the deal and the importance of the engagement of the business community with it.

Ms. Davies is right however regarding our concerns about the complicated nature of the governance structure of the deal and the need to give clarity as to how the views of businesses can be represented within that.



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We are supportive of the construction of the new Business Council within the region and we are pleased to be working with other partners within the business community and in local government to ensure that we have an effective forum in which issues of relevance to businesses can be discussed. Whereas I would caution against the encouragement of a 'single voice' of business within this as this is unrealistic and impractical, it will, I hope prove a valuable forum for engagement.

Regarding the wider issue of the development of deals throughout Wales, and as indicated in our initial evidence note, we remain very concerned about the relatively under-developed nature of conversations regarding the development of the Mid Wales region and the economy within it.

As you will be very aware, Mid Wales faces very distinctive challenges caused by geography, distance from significant markets and centres of population, an ageing population and a restricted skills market. These issues impact on and are affected by relatively less well-developed networks which are of importance to businesses such as FE and HE skills infrastructure.

However, Mid Wales also represents a significant economic asset to Wales boosted by a thriving tourism offering and landscape which is attractive to hundreds of thousands of visitors each year.

However, given the challenges facing the Mid Wales economy (and rural Wales more broadly), we feel that there is the need for a more structured approach to the development of the region supported by an ambitious, collective vision informed and owned by a range of different organisations and stakeholders.

FSB Wales feels therefore that there is a strong case for a discussion and development of the proposal for an ambitious and informed growth deal for Mid Wales which looks to recognise and harness the best of existing development. However, perhaps more importantly, it should clearly relate a vision for the development of the economy which can be subscribed to by businesses but seeks to tackle some of the structural weaknesses within the region. As with the other deals, such a plan would identify and seek funding for the most strategically-impactful projects which would represent a lasting dividend for individuals and businesses throughout the area.

It is clearly our view that there should be no area of Wales which is exempted from the ambition for economic development and the construction of a deal for Mid-Wales would provide for the collective statement of that ambition and a clear plan for achieving it.

However, as important as the city and growth deals are, we feel strongly that they should not become the default for economic development conversations within the regions of Wales. FSB believes that there is much opportunity in galvanising a range of partners around localised conversations on opportunities and priorities and how we respond to the mission of



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growing the economy of Wales and we hope that this is clearly represented in the Welsh Government's forthcoming Economic Development Strategy

We therefore very much welcome the fact that the Committee has taken the initiative to explore these questions with this inquiry and look forward to seeing the report when it is published.

In the meantime, I am more than happy to clarify any of the points in this note or the preceding evidence submitted by FSB.

With kind regards

Ben Cottam
Head of External Affairs
FSB Wales.

ⁱ Transcript of Committee evidence session on 25/5/17