

## Social Partner Engagement with the Welsh Government

### Introduction

1. The business representative organizations that participate in the Council for Economic Renewal welcome the opportunity to contribute to the Welsh Government's request for proposals for a reshaping of the social partner engagement mechanisms to better meet the major challenges facing the Welsh economy.
2. The Welsh Ministers' Business Scheme states that '...the Welsh Ministers and social partners are committed to co-operating for the benefit of Wales' economy and society'. Structures of engagement need to be revised to enable a more focussed approach to the delivery of policies that demonstrably benefit the Welsh economy.
3. The purpose of engagement is both to assist the Welsh Government in understanding of the economic landscape and to review the effectiveness of Welsh Government policy, capitalizing on the experience of social partners. Effective engagement allows for a degree of collective responsibility for the policies adopted to achieve economic goals.
4. Existing social partner engagement structures achieve the first aim but fail to achieve the second aim, which requires a rigorous and holistic assessment of the issues facing the Welsh economy, the means by which they can be addressed and Key Performance Indicators to allow measurement of progress,

### Strategic Approach

5. The Welsh Government needs to ensure that the resources it has at its disposal are used in the most effective way. All Welsh Government activity has an effect on the economic environment in Wales. In order to '...foster the conditions needed to allow businesses to thrive.....' and '..... reduce burdens on business and stimulate innovation and growth....', as stated in the Programme for Government, the Welsh Government needs to seek and act on the advice of business within an agreed strategic framework.
6. The Welsh Government's economic strategy (including industrial strategy) needs to have clear goals and performance indicators and all Welsh Government policies and programmes should have a clear link to the economic strategy.

7. The clear economic challenges that exist require decisive and immediate action to protect and future-proof the Welsh economy. The Welsh Government's economic strategy, agreed with the social partners, needs to be in place by the end of 2016. The alignment of delivery structures and programmes also needs to start within that timescale.

## Structures

8. Given the need both to take a strategic approach to the economy and to engage effectively with the social partners there is a requirement for structures bringing together the social partners and others with an interest in driving economic development in Wales.
9. To provide a clear guide to the Welsh Government on the effective implementation of strategy there should be a small group of social partners, representing a broad range of social partners that provide commentary and advice on the implementation of policy. This group would take a strategic view of all economic levers operated by the Welsh Government and consider their operation in the context of the Welsh Government's economic strategy.
10. The existing Council for Economic Renewal (CER) would continue to allow a variety of perspectives to be brought to the wide range of issues that affect the economy, also providing a forum for stimulating policy initiatives.
11. The role of the CER would be broadened to allow consideration of the impact Higher Education and Further Education have on the economy and be flexible enough to allow the attendance of experts as and when required. A name-change for the Council would be appropriate, possibly the Economic Advisory Council or the Council for the Economy.
12. To provide an arena for more detailed discussion and prioritization of issues directly related to business, such as taxation and planning, the Welsh Government should establish a Business Advisory Group (BAG), chaired by the Cabinet Secretary for Economy and Infrastructure, which works directly with the business representative organizations recognized in the Welsh Ministers' Business Scheme. The BAG would support the Cabinet Secretary's approach to the implementation of economic strategy, providing both challenge and support from business, enhancing the existing co-operation between business and the Welsh Government.

## Conclusion

13. The economic challenges facing Wales are of such an order that there has to be collective response that stimulates the Welsh economy, improves the competitiveness of Welsh business and delivers sustainable jobs. Whilst we believe that the structures suggested in this paper are an appropriate starting point for effective engagement we need to retain flexibility to ensure they remain relevant to deal with challenges as they develop.
  
14. A genuine willingness to reflect business views in Welsh Government policy at a strategic level is vital and we support the application of the Welsh Ministers' Business Scheme's approach to Policy Development and Legislation in this critical area of overall economic strategy.