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



Llywodraeth Cymru  
Welsh Government

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John Griffiths AM

Chair

Equality, Local Government and Communities Committee

21 March 2017

*Dear John,*

During my attendance at Equality, Local Government and Communities Committee on 8 February, I agreed to provide members with clarification on a number of matters. Your letter of 3 March also requested some additional information.

Please find the material requested attached at Annex A.

I understand that you have written separately to the Cabinet Secretary for Communities and Children to request a note on the project providing advice services in GP surgeries, including information on levels of unclaimed benefits. You also requested information on the work Welsh Government is undertaking to support and promote the work of credit unions. This information will be sent to you separately.

*Yours ever,*  
*Ken*

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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.

## Code of Practice for Ethical Employment in Supply Chains

In her Oral Statement on 1 December 2015 the Minister for Finance announced that Value Wales would lead on the development of a Code of Practice on Ethical Employment in Supply Chains.

The Cabinet Secretary for Finance and Local Government launched the Code on the 9<sup>th</sup> March at a meeting of the Workforce Partnership Council (WPC) which has worked closely with Value Wales to finalise the Code. A broad range of stakeholders were consulted, including the Council for Economic Renewal, the Procurement Board (leaders from across the Welsh public sector), the Procurement Policy Development and Delivery Group (public sector procurement practitioners), the Wales Social Partners Unit, the Wales Anti-Slavery Leadership Group and expert external organisations such as UNICEF. In addition, a survey was sent to 5000+ suppliers registered on the Sell2Wales website.

The Code is designed to ensure that everyone employed in public sector supply chains is employed ethically, in compliance with both the letter and spirit of UK, international and other national laws. Slavery is at the extreme end of unlawful and unethical practice, but other issues include blacklisting, false self-employment, unfair use of umbrella companies and zero hours contracts. The Code also covers the Living Wage.

The Code is made up of 12 commitments designed to eliminate modern slavery and support ethical employment practices. It is supported by 4 guidance documents to assist public, private and third sector organisations:

- A Guide to Modern Slavery and Human Rights Abuses
- A Guide to Tackling Blacklisting
- A Guide to Tackling Unfair Employment Practices
- A Guide to Implementing the Living Wage through Procurement

All public sector organisations in Wales, businesses and third sector organisations in receipt of Welsh public sector funding will be expected to sign up to the code. Other organisations and businesses based in Wales are encouraged to sign up to the code.

<http://gov.wales/newsroom/finance1/2017/58948814/?skip=1&lang=en>

## Evaluation of the Lift and Communities for Work programmes

On the evaluation of the Lift and Communities for Work programmes, the Lift Programme is being independently evaluated by Wavehill Ltd, with the second stage report published on 20 December 2016. The report includes the following findings:

- Tackling poverty is one of the Welsh Government's highest priorities and given the substantial evidence that links worklessness to poverty there is ample justification for policy intervention of this nature.
- The Programme delivery model has been designed with a high degree of flexibility and this has enabled it to adapt to local circumstances and retain a person-centred approach.

<ul style="list-style-type: none"> <li>• Participants are mostly positive about the support they've received through the Programme.</li> <li>• A high proportion of participants have been long-term unemployed or have never worked, with only a few having engaged in previous initiatives to support them into employment; suggesting that Lift is effective at engaging with those hard to reach.</li> <li>• Where participants have engaged in previous support Programmes, over three quarters prefer the approach adopted through Lift.</li> </ul> <p>Further information and a copy of the Phase 2 report can be found at:</p> <p><a href="http://gov.wales/statistics-and-research/evaluation-lift-programme/?lang=en">http://gov.wales/statistics-and-research/evaluation-lift-programme/?lang=en</a></p> <p>The Communities for Work programme (CfW) builds upon evidence and learning from the Lift programme. CfW is being independently evaluated by Old Bell 3 Ltd and the first phase of its evaluation will be published in the spring of this year.</p>
<p><b>Wales Well-being Bond</b></p> <p>Taking Wales Forward includes a commitment to introduce a new Wales Well-being Bond aimed at improving mental and physical health and reducing sedentary lifestyles, poor nutrition and excessive alcohol consumption. Actions linked to the development of the Well-being Bond are also included in the Together for Mental Health delivery plan to develop and pilot the Well-being Bond by December 2017.</p> <p>Officials are currently scoping different models for the Wellbeing Bond and will engage with the third sector in advance of the scheme going live.</p>
<p><b>Progress in tackling child poverty</b></p> <p>During the evidence session, discussions took place around the data which shows our progress in tackling child poverty.</p> <p>The Children and Family (Wales) Measure 2010 placed a duty on Welsh Ministers to develop a Child Poverty Strategy for Wales and to report on progress in tackling child poverty every three years. The latest progress report was laid before the National Assembly for Wales and published on the Welsh Government website on 13 December 2016. It was introduced to members by the Cabinet Secretary for Communities and Children through an oral statement.</p> <p>A link to the report is below:</p> <p><a href="http://gov.wales/topics/people-and-communities/people/children-and-young-people/child-poverty/?lang=en">http://gov.wales/topics/people-and-communities/people/children-and-young-people/child-poverty/?lang=en</a></p>
<p><b>Sickness Absence and Ethical Procurement</b></p> <p>Using the lever of public procurement we have a role to promote ethical employment practices throughout our supply chains. As described above the Cabinet Secretary for Finance and Local Government recently launched a code of practice for ethical employment in supply chains.</p>

Using our public sector contract to mandate requirements around company sickness rules would not be possible. However, Welsh Government has taken steps through the responsible business policy to encourage employers to adopt and promote good working practices that create positive workplaces. The Business Wales service promotes awareness of the policy and assists companies through the process through equality and diversity advice and guidance.

Business Wales also runs a responsible business web portal which encourages businesses to consider the impact that their practices have on their workforce, their businesses and the wider environment.

<https://businesswales.gov.wales/zones/responsible-business>

## Economic Statistics Dashboard

Please find below a copy of the Economic Statistics Dashboard.

### ECONOMIC STATISTICS DASHBOARD – WEEK COMMENCING 05/12/2016

Measure	Value	Period
<b>OUTPUT/INCOMES</b>		
Gross Domestic Household Income (GDHI)	£15,302	2014
Gross Value Added (GVA) per head	£17,573	2014
Gross Value Added (GVA) per hour worked	£25.91	2014
Index of Production	107.7	Q2 2016
Index of Construction	111.1	Q2 2016
Index of Market Services	107.9	Q2 2016
<b>LABOUR MARKET</b>		
Employment (level)	1,440,000	Oct - Dec 2016
Employment (rate)	72.7%	Oct - Dec 2016
Unemployment (level)	67,000	Oct - Dec 2016
Unemployment (rate)	4.4%	Oct - Dec 2016
Economic Inactivity (level)	454,000	Oct - Dec 2016
Economic Inactivity (rate)	23.8%	Oct - Dec 2016
Claimant Count (level)	38,700	Jan 2017
Claimant count (rate)	2.6%	Jan 2017
Average (Median) Full-Time Earnings	£492.4	2016
Workforce jobs	1,405,600	2015

<b>BUSINESSES</b>		
Businesses headquartered in Wales	99,860	2016
Businesses operating in Wales	250,100	2016
Business Birth Rate	12.1%	2015
Business Death Rate	9.1%	2015
Business Enterprise Research and Development	£362 million	2015

Percentage of businesses who are innovation active	51%	2015
Priority sectors – enterprise numbers	63,500	2015
Priority sectors – employment	606,500	2015
Priority sectors – output	£30,067 million	2014

<b>TRADE &amp; FOREIGN DIRECT INVESTMENT (FDI)</b>		
Value of goods exports <sup>1</sup>	£11.8bn	Year to Q3 2016
FDI (Projects)	18	2015/16 to date
FDI (Jobs)	1,044	2015/16 to date
<b>TOURISM</b>		
Overseas Visitors to Wales	450,000 visits	Jan-Jun 2016
Day Visitors to Wales	95.2 million tourism day visits	Year to Sep-2016
<b>OTHER</b>		
Average total household wealth	£214,200	2012-14
Poverty rate	23%	2012-13 to 2014-15
Average overall satisfaction with present job (/10)	7.5	2013-14
Percentage reporting very high satisfaction with their lives overall	29.71%	Apr 2015 to Mar 2016

Members may also be interested to see the *Welsh Economy in Numbers* dashboard which shows the key indicators of the Welsh Economy.

A link to WEIN is below.

<http://gov.wales/statistics-and-research/economic-indicators/?lang=en>

### **Public Policy Institute for Wales 'What Works in tackling poverty' project**

The Welsh Government's approach to tackling poverty and improving the outcomes of low income households continues to be informed by a range of evidence and analysis.

The PPIW report *Alternative Approaches to Reducing Poverty and Inequality: Existing Evidence and Evidence Needs* echoes findings from previous Assembly Committees, highlighting the need to identify groups which are most at risk of poorer outcomes. Welsh Government has undertaken analysis of a number key data sources, including Households Below Average Income data for Wales, which was published on 13 December 2016, as well as data on deprivation now collected through the National Survey for Wales. These sources of evidence are helping us to better understand the characteristics of those living in poverty. In addition, calls were made by PPIW for greater levels of engagement with people experiencing poverty. The Ministerial Taskforce for the Valleys, which was established in July last year, has prioritised engagement with local communities with a view to empowering individuals to identify local priorities and for services to reflect local need.

<sup>1</sup> **Methodological change** - HMRC have revised the methodology used to calculate Regional Trade Statistics. Business trade is now allocated to a region based on the proportion of employees in that region rather than where the location of the Head Office of the business is.

With regard to employment programmes, the Welsh Government is working in partnership with the Cardiff City Deal to co-design the Work and Health Programme with the department for Work and Pensions. We have considered the PPIW report *'Rethinking the work programme in Wales'* and it has been of use in developing our current approach. The new programme will begin delivery in Wales towards the end of 2017.

The research undertaken by the Public Policy Institute for Wales *'What Works in Tackling Poverty'* project, including the findings of the *'Improving the Economic Performance of Wales: Existing Evidence and Evidence Needs'* and *'New Directions in Employment Policy'* is being used to inform the development of our four crosscutting strategies. The conclusions and key messages set out in these reports provide useful additional insight into the strategic and targeted interventions needed to deliver our aspiration of prosperity for all.

### **Advisory Groups**

Welsh Government will continue to seek the views of key experts and organisations as our approach to building resilient communities and delivering prosperity for all is taken forward.

I am undertaking a review of the groups across my own portfolio with a view to identifying gaps and duplication. I have also asked other Cabinet Secretaries and Ministers for details of groups within their portfolios that discuss and advise on issues around poverty. This will help to determine if Welsh Government has sufficient engagement with stakeholders and experts on this agenda.

As part of this process I have engaged with Chairs of Enterprise Zones and Sector Panels who provide views from their members. Ongoing meetings are taking place as part of this process. I have also sought external input from key stakeholders including business organisations and trade unions.

It is my intention to revise the current advisory architecture as a result of this review, to ensure it is aligned with our Prosperous and Secure and United and Connected strategies. Members will be updated on this work as it progresses.

Discussion will also take place with relevant groups to determine whether they are prepared to have more of a focus on poverty, given our commitment to prosperity for all. This will include groups such as the Council for Economic Renewal and the Strategic Equality Plan Board.

### **Spreading economic prosperity**

During my evidence session, we discussed the role of the Welsh Government's 'Prosperous and Secure' and the 'United and Connected' strategies in spreading economic prosperity.

Work is continuing on the development of our four cross-cutting strategies, and I expect these to address the role of government and delivery partners in ways of working in order to secure prosperity for all.

We welcome the Committee's interest and will update the Committee when our thinking has developed further.