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## Response to the Public Accounts Committee's Inquiry on Financial Support for Business

### Key messages:

- Recent research from Chwarae Teg found that achieving gender equality could add £13.6 billion to the Welsh economy.<sup>1</sup> It proves that we cannot afford to ignore women's economic potential, and that gender equality could benefit everyone. Businesses must pro-actively tackle inequality to unlock this, otherwise we know that it could take more than 200 years to close the gender pay gap.<sup>2</sup>
- An implementation gap still exists in economic policy. Tackling inequality is at the centre of Welsh Government's new Economic Action Plan, and we welcome the goal of 'investment with social purpose', but it is still unclear how these good intentions are being put into practice.<sup>3</sup> We need to see more accessible reporting and monitoring of the implementation process.
- Equal and diverse representation within Governance structures is essential to good decision making, and should be a key priority. Greater diversity on boards and leadership panels can create a broader range of ideas and perspectives, greater innovation and allow the business to appeal to different clients, as well as providing more of an accurate reflection of society. We know that this isn't just a 'nice to have', but creates real tangible results for businesses.<sup>4</sup>
- Transparency and communication is key, and especially important at all interfaces between Government and Businesses. There is a need for more clarity on the representation within and remit or terms of references of each of the different governance structures and bodies within the Economic Action Plan to ensure a clear and coordinated approach to gender equality.
  - This should include the vision and principles for a Feminist Government developed during Phase 2 of the Gender Equality Review.<sup>5</sup>
- Welsh Government also need to make a commitment that with the different approach taken within the Economic Action Plan and the focus on the foundational economy, different evidence, measures, data and voices are considered to challenge any misconceptions; otherwise we are at risk of reverting to the status quo.

<sup>1</sup> Chwarae Teg, The Economic Value of Gender Equality, 2018 <https://chwaraeteg.com/wp-content/uploads/2019/02/The-Economic-Value-of-Gender-Equality-in-Wales-2018.pdf>

<sup>2</sup> World Economic Forum, The Global Gender Pay Gap Report, 2018 [http://www3.weforum.org/docs/WEF\\_GGGR\\_2018.pdf](http://www3.weforum.org/docs/WEF_GGGR_2018.pdf)

<sup>3</sup> Welsh Government, Prosperity for All: Economic Action Plan, 2017 <https://gov.wales/sites/default/files/publications/2019-02/prosperity-for-all-economic-action-plan.pdf>

<sup>4</sup> McKinsey and Co, The Power of Parity, 2016 <https://www.mckinsey.com/featured-insights/gender-equality/the-power-of-parity-advancing-womens-equality-in-the-united-kingdom>

<sup>5</sup> Chwarae Teg, Gender Equality Review Phase 2: Vision and Language, 2019

## Detailed Response:

### 1. How the Welsh Government is putting arrangements in place to manage its financial support to business under its Economic Action Plan.

- 1.1. With a focus on tackling inequality and investment with a social purpose at the centre of the Economic Action Plan (EAP), achieving gender equality a wider objective of the Gender Equality Review and the Wellbeing of Future Generations Act 'more equal Wales' indicator, it's crucial that Welsh Government are using their financial resources to advance gender equality.
- 1.2. The EAP could be clearer and more explicit in its ambition and targets for ensuring that women are able to access business support and benefit from economic growth. Our concerns so far – such as the implementation gap – are similar to those we found during Phase One of the Gender Equality Review, that promising policy proposals are not being translated into meaningful change for women in Wales.<sup>6</sup> Clearer goals and objectives on gender equality could help to address this gap.
- 1.3. There also needs to be clarity within the EAP in relation to financial planning and support for businesses after Brexit. Economic uncertainty related to Brexit will have a disproportionate impact on women, which makes the need for gender equality to be mainstreamed in funding all the more important.<sup>7</sup>
  - 1.3.1. Our own Agile Nation 2 programme, which is funded by the European Social Fund and Welsh Government, supports businesses to become more equal employers, reduce their gender pay gap and adopt best practice in equality and diversity. The programme could be at risk due to loss of funding as well as many others with a focus on alleviating inequality.
- 1.4. It's difficult to establish how much support women-led businesses, or women hoping to start up new businesses are currently receiving from Welsh Government.
  - 1.4.1. On 16<sup>th</sup> January, the Minister for Economy and Transport Ken Skates AM confirmed that more than 100 businesses have now signed up to the Economic Contract; but no feedback has been provided on how businesses have demonstrated their commitment to the requirements of the contract including Fair Work, or what impact this has had on women or other marginalised groups.<sup>8</sup>
- 1.5. In response to the Auditor General's Report, Welsh Government committed to reorganising financial support and taking a regionally led approach to investment; it is important that lessons about the importance of mainstreaming a gender equal approach translate to a regional level, and that this is delivered consistently across Wales.<sup>9</sup>

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<sup>6</sup> Chwarae Teg, Rapid Review of Gender Equality: Phase One, 2018 <https://www.cteg.org.uk/wp-content/uploads/2018/07/final-Rapid-Review-of-Gender-Equality-Phase-One.pdf>

<sup>7</sup> Chwarae Teg, The Implications of Brexit for Women in Wales, 2018 <https://chwaraeteg.com/wp-content/uploads/2018/12/Briefing-Paper-Implications-of-Brexit-Aug-2018.pdf>

<sup>8</sup> National Assembly for Wales, Record of Proceedings, 16<sup>th</sup> January 2019 <http://record.assembly.wales/Plenary/5418#C156030>

<sup>9</sup> Welsh Government, Letter to the Auditor General for Wales, 11<sup>th</sup> January 2019 <http://senedd.assembly.wales/documents/s83052/Welsh%20Government%20response%20to%20the%20Auditor%20General%20for%20Wales%20Report%20-%2011%20January%202019.pdf>

1.5.1. This should include the Welsh Government's adopted vision and principles for a Feminist Government.

**2. The New Ministerial Advisory Board, which is replacing the sector panels and is intended to inform policy-making and provide external advice.**

- 2.1. Equal representation, as well as the representation of individuals with clear understanding and experience of mainstreaming equality is essential in the make-up of key governance structures that lead on informing and advising the Welsh Government.
- 2.2. We welcome the gender balance of the new Ministerial Advisory Board, as well as the clear focus on responsible business within that Board. However, we also need to see active engagement from the board with other under-represented groups to ensure they are able to capture the different barriers faced by certain groups in accessing financial support for business.
  - 2.2.1. It's particularly positive to see a representative of the social care sector appointed to the Ministerial Advisory Board, given that care is a key foundational area, and the over-representation of women in this sector; this must be recognised in order to address key challenges.
  - 2.2.2. This engagement cannot just be limited to quantitative data, it should include meaningful discussions with community groups and organisations that can provide qualitative insights into marginalised communities' experiences of setting up or accessing financial support for businesses.
- 2.3. However, the gender balance and recruitment process for other key positions is still unclear:
  - 2.3.1. It would be helpful if information about the appointed Chief Regional Officers was published and available centrally, as well as information on recruitment processes, and clarity on whether these roles are still on an interim basis, or those appointed have been made permanent.
  - 2.3.2. The same would also be helpful for the proposed regional units, as well as information on how these will work with the Four Enterprise Hubs.

**3. The overall coherence of the different ways of providing financial support to business**

- 3.1. Welsh Government needs to ensure that in streamlining its services, financial support, as well as information and guidance on how to access that support, is reaching those who may face additional barriers to progressing in business, such as women and other marginalised groups.
  - 3.1.1. The report on Supporting Women in Entrepreneurship found that women perceived barriers to setting up businesses and accessing financial support due to; the lack of appropriate mentors, lack of flexible and mobile funding, barriers such as childcare, lack of contacts, and limited access to business contacts and networks.<sup>10</sup>

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<sup>10</sup> Welsh Government, Supporting Entrepreneurial Women in Wales: An approach for Wales, January 2019  
<https://gov.wales/sites/default/files/publications/2019-01/supporting-entrepreneurial-women-in-wales-an-approach-for-wales.pdf>

- 3.1.2. Chwarae Teg are currently undertaking research on BAME Women’s experiences in (self) employment. Once this is available, it could help to inform the Welsh Government’s approach to supporting all communities in Wales.
- 3.2. In terms of the Economy Futures Fund, we welcome this and the intention to integrate more funds into this pot. We particularly welcome the Minister’s intention to extend these principles through to procurement as well, and would welcome any update on progress in this area.
- 3.2.1. We also welcome the suggestion from the Fair Work Commission’s report that the objectives within the Economic Contract could be extended to finance provided from The Development Bank of Wales and Business Wales.<sup>11</sup>
- 3.3. The recommendations from the Panel on Supporting Entrepreneurial Women in Wales represent a positive and strong step towards mainstreaming equality initiatives within business, and the Good Practice Guide provides constructive, practical support for Businesses and other actors involved in supporting businesses at start-up and to grow.<sup>12</sup>
- 3.3.1. As well as highlighting the barriers faced by women, it also looked at attitudes held by business providers that may have been preventing more progress being made – such as the lack of recognition of the way in which cultural and institutional issues act as substantive barriers to women and other under-represented groups.<sup>13</sup>
- 3.3.2. The panel also set out a clear two year action plan to implement these recommendations, and coming into the Summer term, some of these should already be in place:
- 3.3.2.1. We can see positive progress on recommendations like developing a page on the Business Wales website with information and networking opportunities specific to supporting women entrepreneurs, as well as the roadshow, which are currently underway.
- 3.3.2.2. Going forward, updates on progress related to the gender lensing of Business Wales and other actions to support women in businesses would be useful, including data related to the recruitment of women as mentors and advisers and the commissioning of community-based projects.<sup>14</sup>
- 3.3.3. The promotion of collaboration and commitments to equality within the Be the Spark initiative are also positive in providing coherence, with useful and accessible tools on the website. There is clear and consistent encouragement for businesses from across Welsh Government.
- 3.3.3.1.** However, should this encouragement approach not be as effective as we’d hoped within the first two years, Welsh Government should consider a more directive approach to key actors, such as lenders targets, follow up action plans and other measures that increase accountability.

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<sup>11</sup> Fair Work Wales, Report of the Fair Work Commission, 2019 <https://gov.wales/sites/default/files/publications/2019-05/fair-work-wales.pdf>

<sup>12</sup> Welsh Government, Supporting Entrepreneurial Women in Wales: An approach for Wales, January 2019 <https://gov.wales/sites/default/files/publications/2019-01/supporting-entrepreneurial-women-in-wales-an-approach-for-wales.pdf>

<sup>13</sup> Ibid.

<sup>14</sup> Business Wales, Supporting Entrepreneurial Women in Wales: Two Year Action Plan, January 2019 <https://businesswales.gov.wales/sites/business-wales/files/Two%20Year%20Action%20Plan%20ENG.pdf>

#### **4. How transparent access to financial support is, as well as how and why the Welsh Government decides which mechanism it uses to provide that support**

- 4.1. There is poor transparency across the board in terms of the real impact that implementation of the Economic Action plan is having for businesses and individuals; particularly women and other groups who face additional barriers to accessing financial support.
  - 4.1.1. We know that good work is being done, but scrutiny and accountability both within Welsh Government and externally is crucial to ensuring that the implementation gap does not widen.
- 4.2. This lack of transparency is particularly concerning when it comes to support for the Foundational sectors, which have been identified as a key priority.
  - 4.2.1. Concerns were raised by the Economy, Infrastructure and Skills Committee on 21<sup>st</sup> November 2018 that no progress had been made on spending committed to support enabling the foundational economy in Wales, and future plans were vague.<sup>15</sup>
  - 4.2.2. While a 'single and integrated enabling plan' is a positive approach, we have a number of concerns:
    - 4.2.2.1. While a sub-group of the Ministerial Advisory Board has been established to focus on the foundational economy, it is essential that this includes a representative who can advise from a gender and equalities perspective given the unique gendered problems that exist within certain areas of the Foundational sector; particularly care and food and drink. Clarity on the membership of this group would be appreciated.
    - 4.2.2.2. We are also concerned about the aim to identify strategic challenges and opportunities common to all four sectors, and formulate policy responses. A wealth of information is already available about the strategic challenges facing these sectors, including our own report on Decent Work, as well as those produced by Oxfam Cymru and the IWA.<sup>16</sup> Therefore, at this stage Welsh Government should be focusing on action and implementation.
    - 4.2.2.3. Clarity would also be helpful on how the Fair Work Commission is feeding into this area, as we know Fair Work is a key challenge within the foundational sectors.

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<sup>15</sup> National Assembly for Wales, Economy Infrastructure and Skills Committee: Scrutiny of the Economic Action Plan and In-Year Budget 2018-19, September 2018 <http://www.senedd.assembly.wales/documents/s83071/EIS5-02-19P4%20Letter%20from%20the%20Minister%20for%20Economy%20and%20Transport%20to%20Chair.pdf>

<sup>16</sup> Chwarae Teg, Decent Work for Women in Wales, 2018 <https://chwaraeteg.com/research/decent-work/>

## Conclusion:

The Welsh Government has made clear commitments to, and emphasised the importance of gender equality in ensuring economic prosperity in Wales. The Economic Action plan and the proposals within it are a positive step towards embedding equality across the board. However, without effective reporting, monitoring and scrutiny of the implementation progress, and without women's voices at the helm of decision-making within this process, there is a risk that its impact might be limited.

We will continue to closely monitor the implementation of the Economic Action Plan and the impact it has on the lives of ordinary women across Wales.

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