

An economic strategy for Llanelli

An economic strategy that will address entrenched disadvantage, will build resilience, and will re-establish Llanelli as a furnace of innovation and industry in Wales.

Support for Brexit revealed a deep disaffection for a 'business as usual' approach. We must meet this cry for change with an economic message that commands confidence that things can be better for our community. We must do this in the face of disentanglement with the EU, and against the background of market disruption prompted by what is commonly termed the 'fourth industrial revolution' - unleashing the powers of robotic and digital forces which will re-shape the world of work.

For too long our strengths have been overlooked and as a community we've given up hope that things can be better. But just as Brexit and the fourth industrial revolution will pose challenges to our community, so too it will offer opportunities. We must seize these or we risk being left behind.

In unpredictable times we need to move away from conventional approaches and focus on rapid, agile approaches which adapt easily to changed circumstances. Fewer roads and business parks, and more emphasis on the day-to-day economic activity that dominates local economies (the so called 'Foundational Economy'), and areas of innovation where Llanelli can demonstrate a competitive advantage.

We should explore how future economic success can be measured against the ideals encompassed in the *Well-being of Future Generations Act*, and not just GDP or jobs figures that fail to consider the quality of the jobs generated, or the extent to which national wealth is shared.

To rebalance and rejuvenate the economy in Llanelli, a twofold approach is needed:

We must identify opportunities in emerging, high-growth sectors, where Llanelli has the potential to establish early market dominance - including precision agriculture, healthcare robotics and tidal energy - where growth is predicted, where Wales has proven competitive advantage and where the benefits of growth can be seen to generate a 'common good'.

We must explore and exploit the value of the 'economy of the everyday' - in food, energy, housing, tourism and healthcare sectors - reversing the deterioration of employment conditions, boosting wealth retention for goods and services reliant on a local market, improving standards, and reducing the environmental cost of extended supply chains.

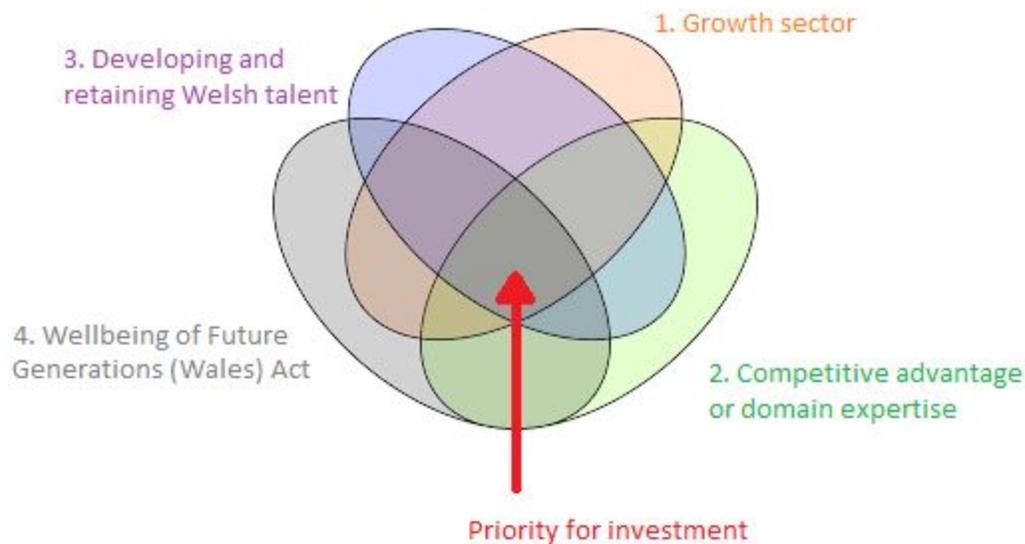
Focussing attention and value on these so-called foundational economies whilst also pursuing an ambitious growth agenda will help to maintain balance in the Welsh economy. And it will address the inevitable social tensions arising from a widely predicted 'hollowing out' of the jobs market.

This crowdsourcing initiative - Think Big, Llanelli - is intended to develop ambitious ideas for Llanelli - where do we have existing expertise? What untapped ideas and resources do we already have that we are not taking full advantage of?

1. Emergent growth sectors

The first industrial revolution was brought about through our ability to harness steam power; the second by our capacity to generate electrical power - driving mass-production; and the third industrial revolution was prompted by the development of electronics and computers. This *fourth* industrial revolution combines digital technologies with physical and biological systems. Machines are becoming embedded into every aspect of human life - our money, homes, factories, healthcare systems, workplaces and even bodies are becoming inextricably linked with automated systems. And the rapid progression of 'machine learning' means that the limits of this integration are currently unrealised. Indeed, it is the speed at which these 'cyber physical' systems are disrupting existing industry - and the scope of this disruption - that is a defining factor of this industrial transformation. Whilst other revolutions progressed at a steady rate, this fourth industrial revolution is progressing at an exponential one.

Diag. 1: A new framework for growth



- 1. Growth sector:** Former Hillary Clinton advisor on innovation, Alec Ross (2016), offers a fascinating analysis of the '[industries of the future](#)' - spawned by the fourth industrial revolution - including robotics and automation, cyber security, big data, the codification of money and financial markets, and genomics. Coupled with these, there are pressing global issues (including climate change, ageing populations, food and water scarcity, and obesity) that offer opportunities for Llanelli to position itself as an innovator of products and services with global potential.

Practical steps:

1. We need a greater understanding of where future growth is predicted is needed.

2. Dominance has already been secured in some growth sectors – either by other nation states¹ or by other regions of the UK² - and any venture in these will likely prove futile³. We need to be clear where untapped opportunities remain.
3. Further investment in Llanelli's digital infrastructure will be crucial if we are to take advantage of these new growth industries. We need to capitalise on the opportunity to become an early adopter of 5G broadband - as set out in the [Swansea Bay City Region proposal](#) - to ensure we have the capacity and speed required to facilitate growth.
4. But again our approach to expanding into these emergent growth sectors needs to be experimental - and should focus beyond traditional labour supply and infrastructure constraints towards maximising Total Factor Productivity.

Extract from SPRU (University of Sussex) submission to the Business, Energy and Industrial Strategy Committee: In countries that have achieved innovation-led growth, that growth has frequently been shaped by long-term, mission-oriented policies. Such policies have given direction to investment; connecting industrial and innovation policy to central macroeconomic questions of growth... This is through setting the direction, making strategic investments all along the innovation chain, while also stimulating and shaping demand. It is this approach that has been behind the emergence of new general-purpose technologies from the internet and wireless technology, to biotechnology and nanotechnology (Mazzucato, 2013).

Competitive advantage or domain expertise: In some cases, the digital revolution currently underway will offer opportunities for Llanelli to diversify our economy into new sectors; in others, it is about transforming our existing industries into the digital age - combining algorithmic expertise with the knowledge and experience built up over generations - adding technological innovation to existing activity across agricultural, hospitality, health and care sectors (for example, in the widespread adoption of Industry 4.0⁴).

Practical steps:

1. Work is needed to identify where Llanelli's existing expertise might offer competitive advantage in identified growth sectors.
2. **Well-being of Future Generations (Wales) Act:** We need to clarify our motivations for pursuing a growth agenda - including widespread employment, with decent terms and conditions, offering sustainable livelihoods and lifestyles to people in Llanelli. And we must recognise that economic growth has [“a](#)

¹ Japan and Germany, for example, dominate the robotics landscape.

² “High quality FDI in life sciences will generally cluster in Cambridge of the M11 corridor, leaving Wales pitching for the rest.” [Adam Leaver](#)

³ In these situations, investment should either be avoided, or should be prioritised in an area where Wales has established domain expertise. For example, whilst Japan and Germany may dominate the robotics landscape, there may be opportunities for Wales to capitalise on nascent spin-off sectors (such as **robotics insurance**), where Wales does have [competitive advantage](#).

⁴ Industry 4.0 refers to the evolution of so-called ‘smart factories’ - the progressive automation and digitisation of the production line.

[direction as well as a rate](#)". By measuring the success of a future growth agenda against the seven goals featuring in the *Well-being of Future Generations Act* (a prosperous Wales; a resilient Wales; a healthier Wales; a more equal Wales; a Wales of cohesive communities; a Wales of vibrant culture and thriving Welsh language; a globally responsible Wales) we will ensure that we are setting out not only to increase the *rate* of economic growth, but to improve the *quality* of that growth across important dimensions.

Practical steps:

1. At a Wales-wide level, work is needed to establish a means of measuring the success of our economic strategy against the outcomes outlined in the Wellbeing of Future Generations (Wales) Act. These need to be translated into concrete actions and objectives that are meaningful and that are specific to the challenges that individual communities face.
 2. We must also be clear on the considerable advantage to industry such an approach would bring - including the recognition that long-term business success (and effective succession planning) are reliant upon an integrated understanding of financial, human, manufacturing, social and natural resources - principles embodied in the Well-being Goals.
 3. A cross-policy, cabinet-level working group - with participation from Ministers with the Health, Finance and Education briefs – will help to drive a joined-up growth agenda and will expose opportunities for a more creative approach (including the possibility of combined budgets) to some of the persistent problems Wales faces. It is critical that local government is involved at the outset to ensure all layers of government are brought into the approach. A whole system approach to policy making is needed if mission-oriented economic growth is to be achieved.
- 3. Developing and retaining talent:** To achieve the positive outcomes identified in stage three of this framework, wealth generated in the Llanelli constituency needs to stay in the constituency. In practice, this means two things:
1. We need to nurture a workforce that can take advantage of the employment opportunities generated through this growth strategy.
 2. We must ensure that companies that are established in Llanelli have the support they need to grow, whilst remaining under Welsh ownership.

Nurturing a workforce in Llanelli

We must match our ambitions for our growth agenda with investment in skills. Research from Professors Gerald Holtham and Brian Morgan at Cardiff Met has shown that [investment in schools is the most important contributing factor](#) in determining global competitiveness. Crucially, skills investment should also be targeted to the areas of growth identified in stages one and two of this framework.

The ability to communicate with emerging technology, and the importance of learning a technical language cannot be underestimated. The fourth industrial revolution will divide the global workforce in

two: workers will either manage machines, or be managed by them. If Wales doesn't act now, we will be sidelined to fight over the base-level jobs left behind.

Any efforts undertaken to transform our skills agenda towards these emerging industries must be sensitive to the highly gendered nature of our economy. Just as an ignorant approach could further entrench these inequalities, an informed approach could reverse disadvantage. If efforts were tailored to actively engage more women in these emerging growth industries, not only would we address the [declining representation of women in STEM professions](#), but – given the highly skilled, well paid nature of employment within these industries – we would likely witness further [narrowing of the gender pay gap](#).

Practical steps:

1. We need a much better understanding of the risks - including where the highest job losses are expected to occur - and opportunities posed by the industries of the future on our workforce. And we must have a skills strategy that prepares for each of these.
2. The Digital Competence Framework is a welcome first step in ensuring future generations are prepared for the employment opportunities of the future. And the speed with which the programme has been rolled-out is testament to Wales' agility. But it is clear that schools will need considerable support to fully realise the aims aspired to in this new Framework, and new methods of delivery may need to be considered. Caution is also needed to ensure that the breadth of the framework does not diminish the importance of young people learning how to code.
3. Initiatives are also needed to prepare the existing workforce, and part-time HE/FE provision will be vital in achieving this.

Working Well in Greater Manchester: Extract from the Institute for Government's evaluation of skills devolution in the UK

There is a great deal of consensus on what this means for the opportunities that skills devolution brings:

- *The opportunity for increased economic growth*, by linking skills with the labour market needs of local economies.
- *The opportunity to boost productivity through improving skills levels*, as outlined in the Government's July 2015 Productivity Plan.
- *The opportunity for employer engagement*, with devolution offering the chance for the system to become more responsive to local economic needs.
- *The opportunity to join up public services*, as devolution enables the better local integration of skills with other public services such as employment and health.
- *The opportunity for innovation*, as devolved systems offer greater scope for local areas to innovate and experiment, creating what in the US are referred to as 'laboratories of democracy'.

Implementing a pipeline strategy for growth

Encouraging start-ups: At its core, the development of a pipeline for growth begins with the attraction and cultivation of small businesses in Llanelli. There is a high number of active enterprises across the constituency; micro businesses generate a quarter of Carmarthenshire county's turnover.

Policy to encourage SME growth has struggled against the predisposition of owner managers towards prioritising income today over profitability tomorrow.

To address this sustainably, we must move beyond the generic policy of simply 'adding finance' - namely providing financial incentives.

Practical steps:

1. There have been interesting studies into creating innovative start-up community cultures⁵ - but an experimental approach to find what works in Llanelli will be crucial. Importantly, any strategy designed to encourage greater entrepreneurship doesn't just focus on young entrepreneurs. The role of 'third-age entrepreneurship' in boosting growth in Llanelli must equally be considered.
2. Brexit will reduce the availability of capital investment - we need to understand where these shortfalls will emerge, and where our priorities should lie in compensating for these losses.
3. Whilst the number of female-founded startups is on the rise, the gendered nature of entrepreneurship requires careful attention and action to redress imbalance.

⁵ See, for example, the Northwest Development Agency (2010) [Attracting and Retaining Innovative Entrepreneurs](#)

Extract from SPRU's (University of Sussex) submission to the Business, Energy and Industrial Strategy

Committee: Many countries have sought to achieve innovation-led growth as a route to higher living standards, but few have achieved it. In those that have, it is important to look pragmatically at what was done, and at the ways that public and private sectors worked together in dynamic ways. Looking at US, for example, three lessons are clear (Mazzucato, 2013):

1. When the US was generating innovation-led growth there was not a strict division of labour between the public and private sectors. Public agencies invested along the whole innovation chain; basic research, applied research, and the provision of high risk patient finance to innovative companies. Private businesses also have historically been involved in not only applied research but also basic research e.g. R&D labs inside GE, AT&T and Xerox. Indeed, part of the reason the US is losing its leadership in many areas of innovation is because there is a growing division of labour between basic research now being done by the public sector and applied research becoming the preserve of private business. This is destroying the feedback loops between the different parts of the innovation chain.
2. Improving the linkages between actors, that makes up the national system of innovation, is important, but not enough. The work on national systems of innovation, pioneered by research at SPRU, is fundamental for explaining the need to build linkages between public and private institutions to diffuse as well as create knowledge (Freeman, 1995). But in the US, public organisations did more than fix markets or fix system failures. They actively shaped and created markets, setting direction, with investments across the innovation chain. The private sector entered only after these markets were created. Between 1936-2011 the National Institute of Health spent \$792bn (in 2011 dollars), and \$31bn in 2012 alone on health R&D— investments that lie behind the biotech revolutions. All the technologies that make the iPhone a 'smart' phone were heavily financed in their early stages through public funds largely as a consequence of mission-oriented investments to solve other problems. Indeed, this is the irony: The pursuit of commercializable technologies as an end itself is a chimera; the best way to achieve true dynamic spillovers with commercial applications seems to be to focus on longer-term missions.
3. This required mission-driven public agencies – like DARPA in the Department of Defense, and more latterly ARPA-E in the Department of Energy – willing and able to take risks, welcome trial and error, and wait patiently for returns. Such agencies are prestigious to work for and attract top-level scientists into the public sector through secondment contracts. Key mission-oriented agencies in the diffusion and deployment of green technology have included public banks, in particular those in China, Germany, Brazil and the EIB in Europe (Mazzucato and Penna, 2016). Public banks can potentially, if structured strategically, provide the patient long-term committed finance which innovation requires. The final comparative lesson is the importance of demand. Governments can create this directly through procurement programmes like the US Small Business Innovation Research (SBIR). (The UK has tried to copy the SBIR but has not yet been successful.) But it can also play a much bigger role in shaping market demand through other, broader public policies that give a clear direction for growth across the entire economy. Through policies such as suburbanization, for example, the US government shaped consumer demand, creating large new markets and enabling the full deployment of mass production technologies (Perez, 2016).

Boosting Wales' Mittelstadt: Alongside efforts to boost early business growth, steps must be taken to retain businesses that have begun to prosper in Llanelli. This is even more pertinent if we're to pursue a high-tech growth strategy - an industry that often provides [early \(highly lucrative\) incentives to sell out](#).

Whilst evidence on the value of medium-sized enterprises in generating jobs is mixed, their value in developing a Welsh brand, in boosting supply chain development and in providing much needed security in the jobs market (at a time of retrenchment, it is non-local facilities that are most vulnerable), mean that their absence deserves greater attention.

Llanelli (and Wales more widely) has [too few middle-sized firms](#) (or what the Germans call a Mittelstadt), in part due to a financial system that incentivises early sale amongst owner managers. Manchester Business School has [performed an interesting analysis](#) for the IWA which proposes new forms of ownership and financial products (overseen by the new Development Bank) that would encourage owner-management retention and would support growth. The current fund structures within Finance Wales require profitability within five years - breeding incentives for early exit. We need the new Development Bank to be more patient on the rate of returns it expects to see, and to adopt a long-view on what is necessary to develop a successful business.

The Centre for Local Economic Strategies (CLES) has also undertaken significant work in this area - exploring the benefits of different models of ownership - including employee ownership trusts, public ownership/equity stakes and community based ownerships - in supporting sustainable, progressive growth. Cooperatives and mutual structures of ownership, in particular, are argued to encourage the retention of skills, talent and profits in their local communities.

Practical steps:

1. It is crucial the Development Bank has the scope and freedom to explore and trial the solutions proposed by Manchester Business School and the Centre for Local Economic Strategies.
2. The capacity of the Development Bank to serve the mid-market at scale should be considered. If the capacity is found to be insufficient, alternative policy levers (including their potential role in the leverage of wider financial partners) need to be explored.

A new framework for growth: Some opportunities worthy of further exploration

Precision agriculture: Our agricultural heritage combined with the growth of big data offers a chance to capitalise on and contribute to the emergence of 'precision agriculture' (defined as the gathering and evaluation of real-time data on nitrogen, phosphorous and nutrition levels, weather, water air quality and disease - to a level "not just specific to each farm, but to each square inch of that farmland" ([Ross, 2016](#): p.162)).

Llanelli has the potential to support our farmers to become world leading "agronomists" - bringing a new industry to Wales, whilst encouraging the efficient use of scarce resources and minimising the use of harmful chemicals.

Extract from *The Industries of the Future* (p.193-195): New Zealand is home to twice as many dairy cattle as human beings. The Kiwis know cows. While there, I learned about the impact of Pasture Meter, a precision agriculture technology developed in Palmerston, a community of 82,000 people more than 10,000 km away from Silicon Valley. Pasture Meter uses advanced sensor technology to take 200 measurements per second over vast swaths of farmland to identify how much grass is in the paddock so that dairy cows can be distributed most effectively for feeding. It alerts farmers to the amount of feed they have and identifies low-production areas that need intervention from the farmer, say, more fertiliser. It may seem that monitoring pastures is an unnecessary use of real-time analytics, but the Kiwi farmers... knew that if they could feed their cattle more efficiently, that would increase output enough for them to export to China. What happened? Sale of beef from New Zealand to China soared 478 percent in one year... The fact that it surprised me that it could be so important to know the location and concentration of grass in a field is exactly the point: New Zealand's farmers had the domain expertise, so they knew what needed to be built and they built it.

Life sciences: Wales' decision to invest so heavily in expanding into life sciences is questionable given Cambridge's pre-existing dominance in the sector. We need to be clear on where our competitive advantage is within this broad industry. This is a broad agenda, and a scatter-gun approach will do Wales a disservice.

Instead, The new Delta Lakes Wellness Centre - featuring in the recently-agreed [Swansea Bay City Region Deal](#) - will offer Llanelli the opportunity to explore how challenges such as our ageing population and obesity crisis, as well as the non-transient nature of our communities, could be transformed into research strengths. We must ensure our approach best exploits these opportunities.

Renewable energy: We have an opportunity to build on our proud history of energy industry, and to capitalise on the enormous potential presented by the recent ratification of the historic Paris accord. Yet we are currently lagging behind England and Scotland in developing our capacity for renewable energy generation⁶.

The proposed Tidal Lagoon in Swansea Bay would be the first tidal power station of this type – with potential for global replication. And every possible effort from Welsh Government should be invested in supporting the realisation of this scheme. We need Natural Resources Wales (NRW) to be fast, effective and supportive if we are not to lose this competitive advantage. They must be tasked with taking on a much broader role in this new industrial landscape - beyond that of a regulatory body - if we are to take advantage of opportunities like these.

But we also need to go further than high profile, prestige projects - the potential for the development of a [“native industry in raising energy efficiency”](#)⁷ (specifically through the retrofitting of houses and workplaces) has equal merit and global reach. And the work of FLEXIS in demonstrating how we can challenge the linear relationship model embodied within our national grid should be further encouraged and explored.

⁶ Between 2008 and 2011 - Welsh capacity for renewable energy generation grew just 40 per cent, considerably lower than both Scotland (69%) and England (66%) ([NEF, 2013](#))

⁷ Exciting work is also already underway on the concept of modular houses as power generators.

Extract from IWA (2015) report *An Economic Strategy for Wales?*: The economic case for making energy efficiency of Wales' housing stock a national infrastructure priority is strong. This sits alongside the environmental imperative with buildings being responsible for 37% of carbon emissions.

Economic modelling has recently been carried out of a UK-wide programme to bring all low income homes up to Band C on an Energy Performance Certificate (EPC) by 2025, and for all other households to be offered 0% interest loans to improve them to an equivalent EPC standard by 2035. This modelling concluded that, in addition to making all low income households highly energy efficient and reducing the level of fuel poverty, the programme would deliver:

- £3.20 returned through increased GDP per £1 invested by government
- 2.27:1 cost benefit ratio (Value for Money), which would classify this as a "High" Value for Money infrastructure programme
- Increased employment by up to 108,000 net jobs per annum over the period 2020-2030, mostly in the service and construction sectors. These jobs would be spread across every region and constituency of the UK
- £8.61 billion per annum in total energy bill savings across housing stock, after comfort take (includes energy price inflation)
- 23.6MtCO₂ reductions per annum by 2030.
- Improved health and reduced healthcare expenditure, due to warmer and more comfortable homes, and improved air quality. For every £1 spent on reducing fuel poverty, a return of 42 pence is expected in NHS savings
- A more resilient economy, less at risk of shocks in gas prices.

2. Refocusing attention on the foundational economy

As well as investing in the high tech industries of the future, we must pay attention to the foundational economy that currently employs about 40% of the national workforce⁸. Defined as *"the economy that meets every day needs by providing taken-for-granted services and goods such as care, telecommunication or food,"* (CREW, 2014, [Towards a New Settlement](#)) a number of respected institutions have explored the potential for greater social value to be generated from the provision of localised goods and services (see for example: Bevan Foundation, 2016, [Wales after Brexit](#)).

The role of cooperatives, mutuals, and other social enterprises, as mechanisms for achieving this benefit, are frequently emphasised.

However, the drive to reduce administrative costs coupled with a shortage of procurement skills [has limited Carmarthenshire Council's ability](#) to restructure procurement practice, and has led to the domination of large-scale, privatised companies in our towns and communities.

⁸ The foundational economy is estimated to [provide employment to 125,000 people](#) across Wales.

A [recent report by CREW](#) has highlighted a number of initiatives that promote a more localised form of economic activity – reversing the deterioration of employment conditions, boosting wealth retention for goods and services reliant on a local market, improving standards, and reducing the environmental cost of extended supply chains. However, transforming procurement strategy will require public institutions to shift away from the conventional transactional approach, towards capacity-building - they will need to become partners in procurement practice, not just one-off purchasers of goods and services. Participants on both sides of this new style of contracting will require significant support.

The foundational economy: Some opportunities worthy of further exploration

Healthcare: Public expenditure on healthcare, which is already high, is forecast to rise significantly as our population continues to age. However, the existing care model in Llanelli fuels a sector of underpaid, undervalued workers, whilst failing to provide sufficiently good quality care at an affordable cost. A wholesale review is needed.

The CREW report highlights the innovative use of direct payments by a Croydon-based community cooperative called [Caring Support](#), which offered those in need of homecare support the opportunity to access personal budgets and purchase their own services. Other models of care delivery that deserve further exploration include a [care cooperative in Bologna](#) and a community care programme (Buurtzorg) in [the Netherlands](#) - which has been adopted by parts of the English NHS. [Technological innovations in care provision](#) should also be considered as a means of increasing efficiency - but only alongside measures to drive up employment and service standards.

Energy production and conservation: In exploring community-owned energy generation and measures to improve energy efficiency, CREW highlights [Energiewende](#). An initiative in Germany, Energiewende has spurred the rapid development of local energy production - small scale local power generation linked by smart-grid technology.

Communities across Germany have been empowered by a supportive legislative framework that secures long-term feed-in tariffs and reduces bureaucratic red tape. This compares favourably to the Welsh landscape of difficult funding environments, sparse support and hostile planning regimes.

Food production: To date, food policy across Wales has largely focussed on the export market. However, our decision to exit the EU (which will likely result in the imposition of tariffs), coupled with our balance of payments deficit and the devaluation of the pound, mean that we urgently need to diversify the food we produce, and focus efforts on serving the UK market - shifting our emphasis from promoting exports towards import substitution. The domination of large retailers has stifled profitability in this sector - suppressing growth and diversification. Action to bolster the foundational economy - and efforts to use procurement policy to support local producers - will help redress this domination.

Brexit - and the likely removal of the Common Agricultural Policy - will also allow a new payment regime in support of agriculture to radically transform both our approach to food production and land use. We

must look for opportunities for our food and agricultural policy to address issues of food poverty, obesity and deprivation.

Tourism: Carmarthenshire's landscape, countryside and beaches were enjoyed by over 3 million people last year. The tourism industry employs thousands - but all too frequently this in low paid and insecure employment. Its disproportionate importance to the economy of rural parts of the constituency, and its centrality in the projection of a strong brand mean that the sector is an important one.

Practical steps:

1. We need to review the scale and resilience of Llanelli's foundational economy, and each of the sectors within it.
2. At a Wales-wide level, much greater exploration of the barriers towards this approach⁹ is needed - specifically:
 - a. The in-house expertise that will enable local authorities and wider public bodies to become 'procurement partners' in their communities.
 - b. The support needed by local businesses in Llanelli - and the procurement framework that will recognise their limitations and work to their strengths.
 - c. The implications for wider policy and regulation (outside of economic spheres) - for example in energy production and storage, food and healthcare sectors.
3. Areas of crossover between the foundational economy and emerging growth industries will be many - health care robotics, for example, is a fast-growing field. These potential conflicts and complements need to be better understood.
4. In addition, the opportunity for greater devolution *within* Wales should also be considered. Local government and leadership will be key to a successful foundational economy approach, but will require a much greater devolution of powers to 'functional economic areas'¹⁰.
5. This agenda will encounter significant resistance from powerful vested interests. And narrow public support to date has [limited the success of standalone initiatives](#). To counteract this and to create the conditions for change needed, efforts to motivate public interest and cross-party consensus are needed

⁹ Caerphilly Council recently tried to prioritise the use of small, local firms in the upgrading of its stock to the Welsh Housing Quality Standard. However, the Council ran into significant difficulties, resulting in delays to the programme. The capacity issues they faced will offer a useful steer in identifying the barriers local authorities in Wales will face.

¹⁰ Suggested functional economic areas include: Gwent-Morgan, Swansea Bay, Ynys Mon and Gwynedd, Welsh Marches, and Manchester-West. Devolution to these so-called functional economic areas might prove particularly effective - for example - when considering training provision for the unemployed - ensuring that training establishments have the budgets and freedoms to produce a workforce relevant for their specific part of Wales.

Taking a two-fold approach to growth will ensure the most efficient use of our limited budgets, whilst broadening Llanelli's economic base and ensuring decent employment opportunities in every neighbourhood, at every level of skill.

We have too few resources to undertake a broad economic strategy; we must focus on where investment can have the biggest impact; and we must establish a means to ensure this impact isn't only measured in jobs and GDP.

Pursuing a high-growth strategy alongside measures to refocus on the value of the local would spur growth from both the top down and the ground up. It would be both ambitious and inclusive, addressing entrenched disadvantage, building resilience and re-establishing Llanelli as a furnace of innovation and industry.

Appendix 1: Currently active economic advisory bodies in Wales

A quick review (provided by the research service) of advisory panels, groups and task forces established by the Welsh Government to advise on economic strategy found the following active bodies (although they stressed that this list is not exhaustive):

- Council for Economic Renewal;
- Taskforce for the Valleys;
- Tata Task Force;
- Enterprise Zones and Enterprise Zone Boards;
- Local Growth Zones;
- Media Investment panel;
- Murco Task Force;
- Advanced Materials and Manufacturing sector panel;
- Life Sciences sector panel;
- Tourism sector panel;
- Construction sector panel;
- Creative Industries sector panel;
- Energy and Environment sector panel;
- Financial and Professional Services sector panel;
- Food and Farming sector panel;
- Information and Communication Technology sector panel.