



Supply Chain Workshop Newtown

James Davies
11th December 2018

Agenda

9:00 – 9:30	Registration and Coffee	
9:30 – 9:40	Welcome	Leighton James WG, James Davies IW
9:40 -9:50	Overview of Welsh Government in Mid Wales	Rhodri Griffiths or Ann Watkin
9:50 – 10:10	Issues facing companies based in Mid Wales	Ceri Stephens MWMG
10:10 – 10:30	Continuous Improvements	Phil Catherwood Welsh Government and Mike Gillard Industry Wales
10:30 – 10:50	Overview of Business Wales Support	Erica Morgan, Welsh Government
10:50 – 11:10	Coffee break	
11:10 – 11:30	Innovation Support	John Merry Welsh Government
11:30 – 11:50	Apprenticships and Skills	John Jones or representative Welsh Government
11:50 – 12:10	Carpenter & Paterson or TRAX – Case Study	
12:10 – 12:30	CAF – Case Study	Graham Taylor (COO)
12:30 – 12:45	Q & A Panel	
12:45 – 12:50	Closing Remarks	James Davies Industry Wales
12:50	Lunch & Networking	



Industry Wales Overview



Industry Wales, together with its specialist aerospace, automotive and electronics, software and technology forums, is helping to grow Welsh technology and manufacturing businesses in all sectors, globally.

The forums, with a combined membership of 500 leading Welsh companies, provide a range of services to support companies already established within Wales and to attract and support companies that are seeking a world class location for their business.

Led by the private sector and working closely with the Welsh Government, sector panels and other bodies, Industry Wales is focussed on the following key areas that need to be addressed to continue to achieve sustained, profitable growth in the economy:

- Innovation
- Investment
- Skills
- Supply Chain capability and reach
- Integration with UK and European wide programmes

The capability that exists within the Welsh technology and manufacturing sectors is wide ranging and globally competitive and Industry Wales is working on expanding the reach of these businesses.

So What

Industry Wales will confirm, with Industry, to Welsh Government key priorities

Supply Chain Development

Business engagement and procurement

Supply Chain Capability and Capacity

Competitiveness and Growth Model

Key Subjects

1) Roadmap to Competitiveness (inc Status of I4.0)

2) Brexit Operational Readiness

3) GDPR / Cyber Security

4) Impact of Disruptive Material Technologies

Skills

Heat Map for Apprentice capability and Capacity

Improvement plan for Facilities / Resource at FE / HE / 3PPs

Industry/Education engagement priorities

Tailor Made Training Funding (Proposed to WEFO)

Future of Manufacturing

- Merging of traditional sectors
- Make multiplies of ones
- Make it within a “factory”
- Only the truly competitive survive

Survivors : Automated, Digital twinned, highly responsive supply chain
Survivors : Mobility, Housing, Health, Care, Energy, “Product”

Disruptive Technologies (Material, Process, Product)

Disruptive Markets including ownership models

eg. Auto, Aero, Drone, Space, Rail, Bus, Bike : Product or Service?

Wales has >5000 companies making things!

Majority – mSM Es

ML Es – decision making units are outside Wales

What is a Disruptive Product and Market?

In 1908 the first Model T Ford rolled off the production line; **by 1930 the equestrian age was, to all intents and purposes, over** - and all thanks to the disruptive power of an earlier tech innovation - the internal combustion engine.

Take a look at this picture of 5th Avenue in New York in 1900. Can you spot the car?

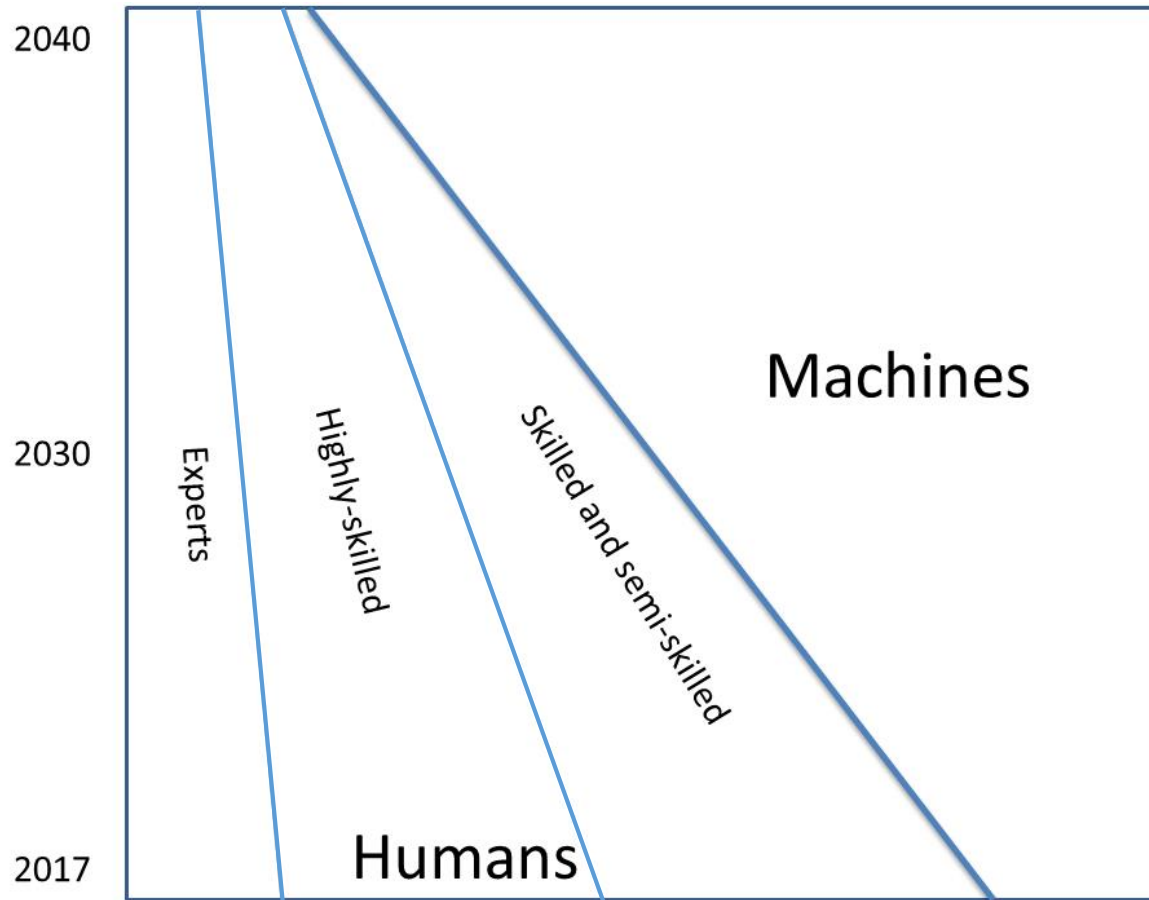


Now look at this picture from 1913. Yes, this time where's the horse?



Global Challenge : Increased Automation

Key challenge is to advise on policies to address digital economy and advancements in automation adoption

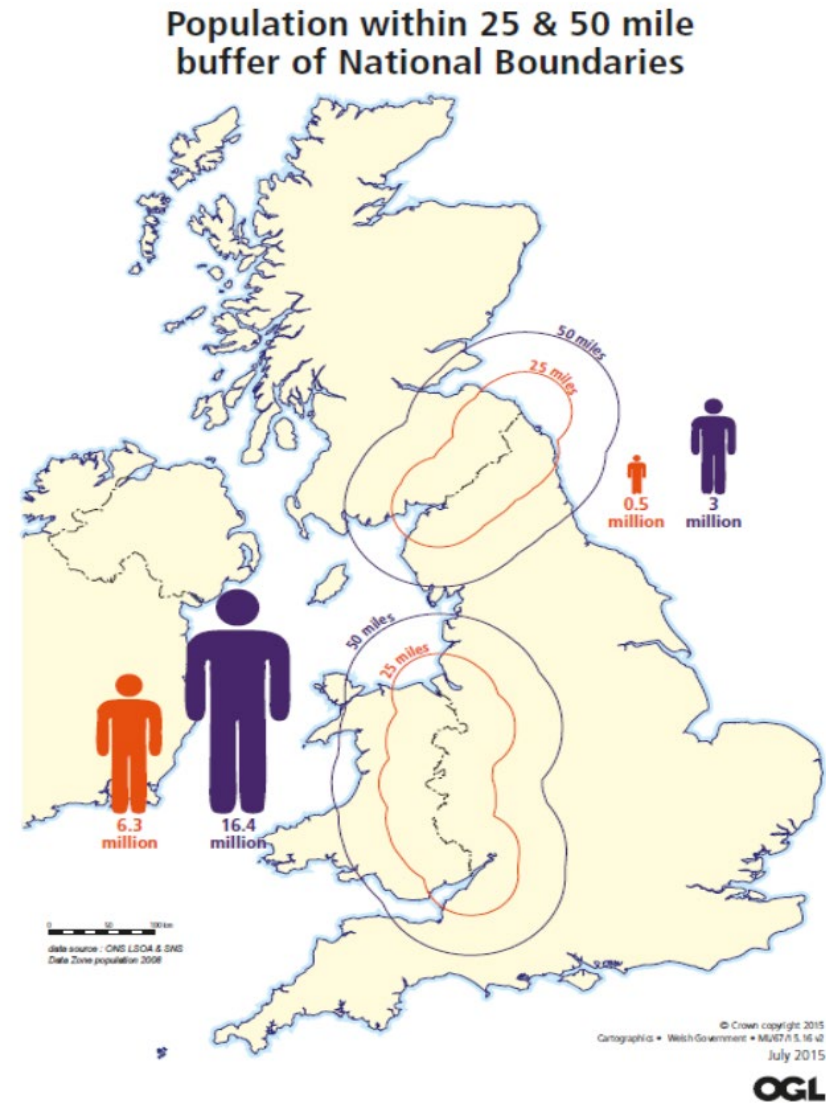
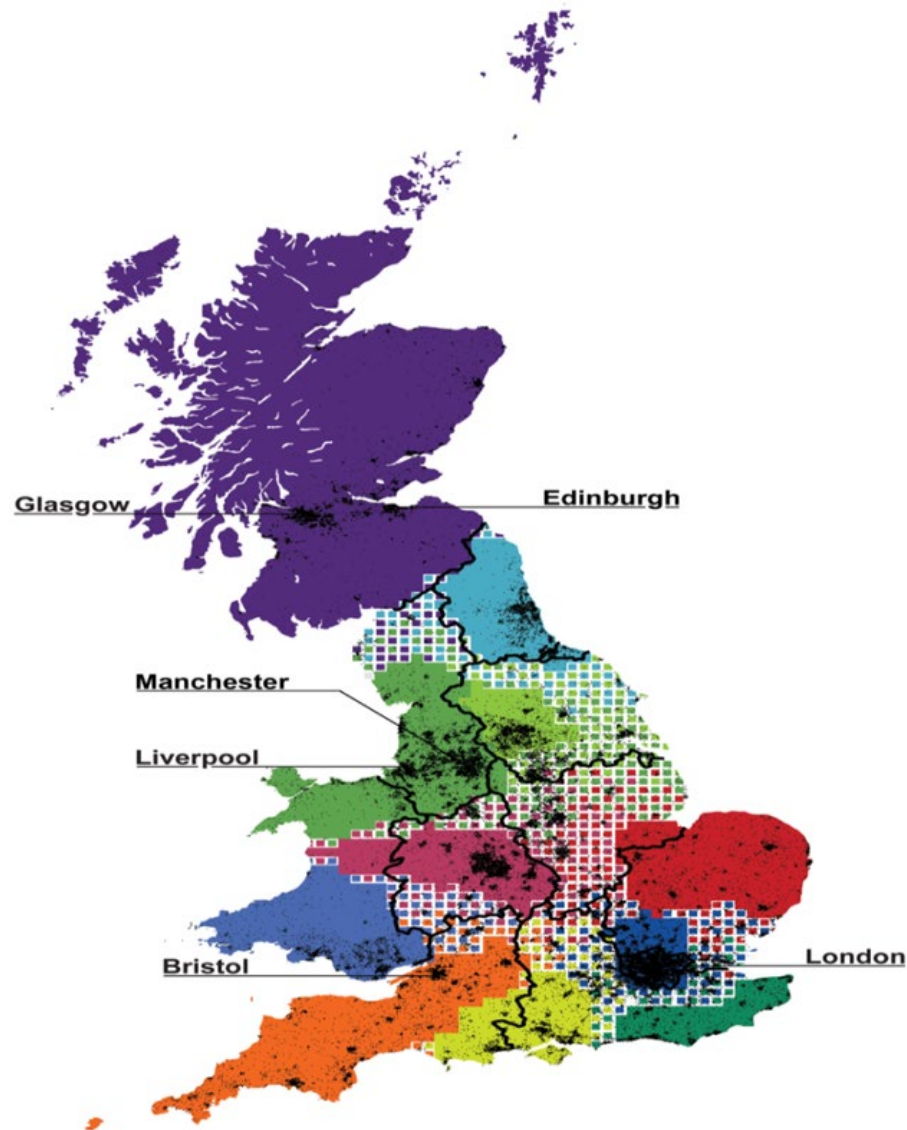


It is clear that Automation will impact on both quantity and quality of jobs. Whilst there will be a reduction (productivity improvement), two other changes will be manifest, firstly the skill/reward of the job will increase, secondly, new types of job (mostly High value/reward will appear.

The countermeasure to this is clearly to increase the number of companies in Wales ... or Make “machines”!

*Anchors first, required for supply chain but will lead in this area (dramatic!)
Importance of SMEs*

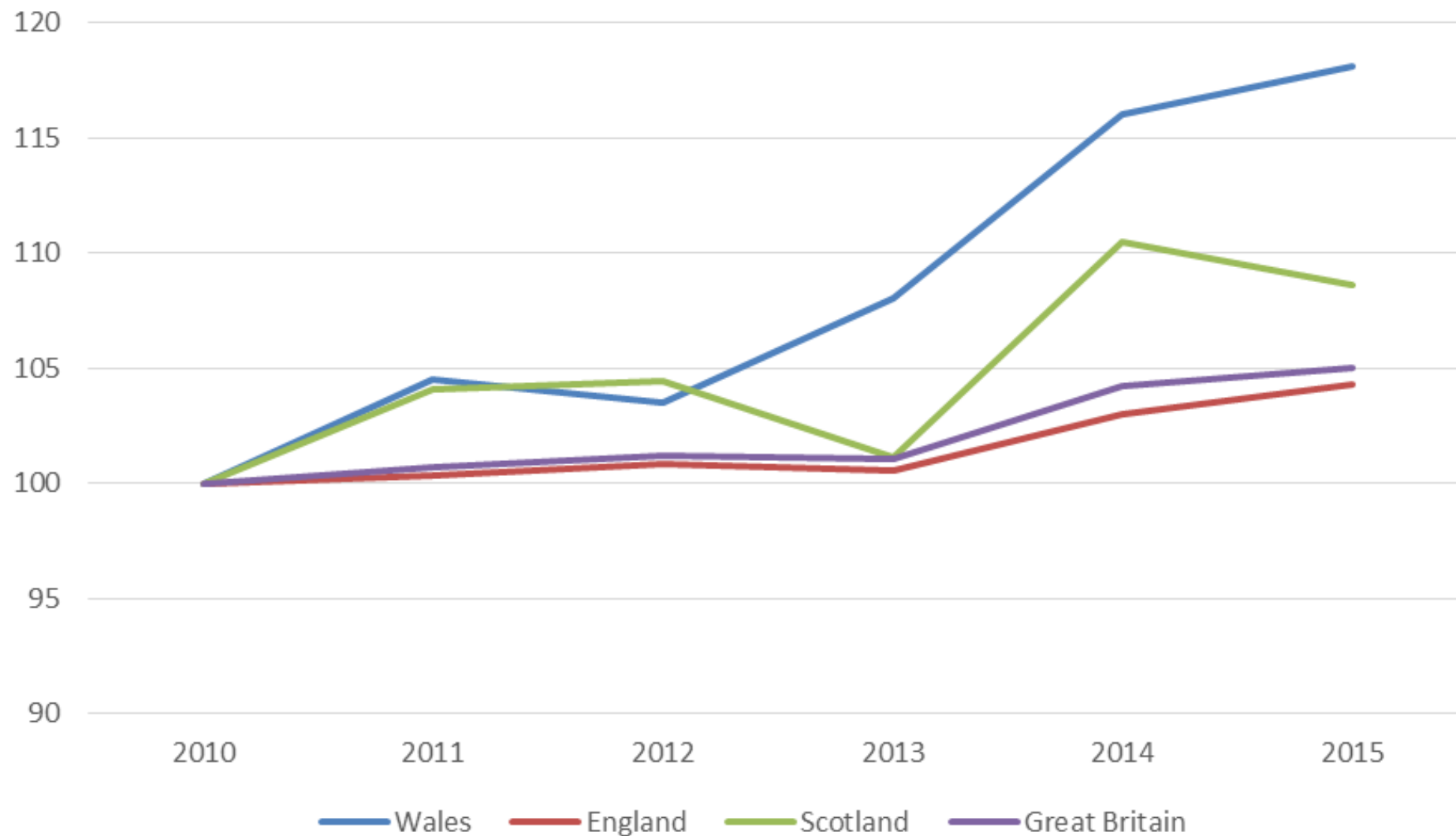
Is there a Welsh economy?



Key Economic Indicators for Wales

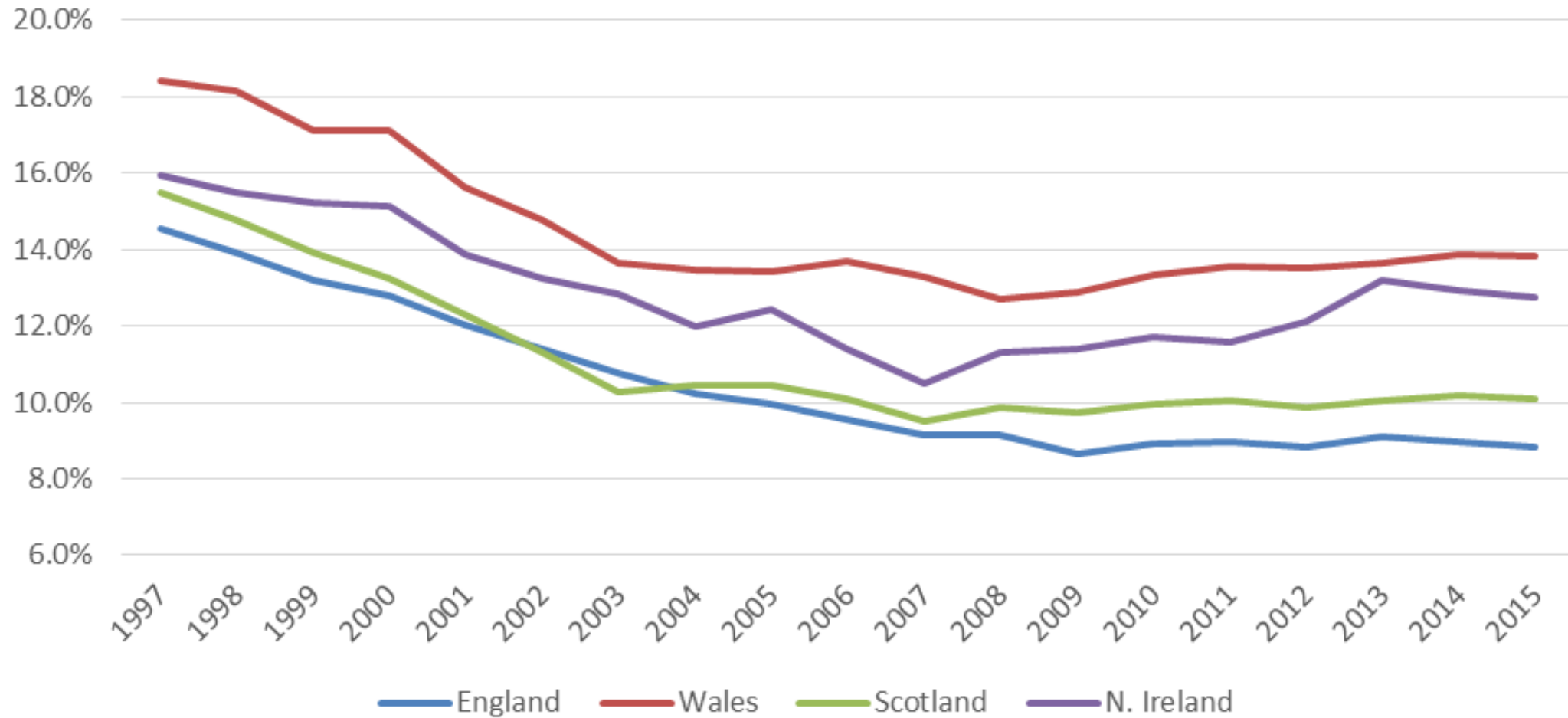
Indicator	Level	Most recent reference period	UK Rank (/12)	Wales: UK	Change on previous reference period
Gross Disposable Household Income (GDHI) per head	£15,835	2016	10 th	81.5%	0.7%
Primary income per head	£16,664	2016	11 th	75.0%	2.3%
Gross Value Added (GVA) per head	£19,140	2016	12 th	72.7%	3.5%
GVA per hour	£26.86	2016	12 th	82.4%	1.2%
Employment rate	73.4%	Jan-Mar 2018	11 th	75.6% (UK Rate)	-0.3 pp
Full-time weekly earnings	£498.4	2017	12 th	90.6%	1.0%
Poverty rate	24%	2014-15 to 2016-17	joint 10 th	22% (UK Rate)	1 pp
Average total household wealth	£ 225,600	2014-16	6 th (out of 11)	87.0%	6.4%
Active Enterprises (headquartered in Wales)	102,585	2017	11 th	2,668,810 (UK Number)	1.6%

Manufacturing is a jobs success for Wales



Source – ONS

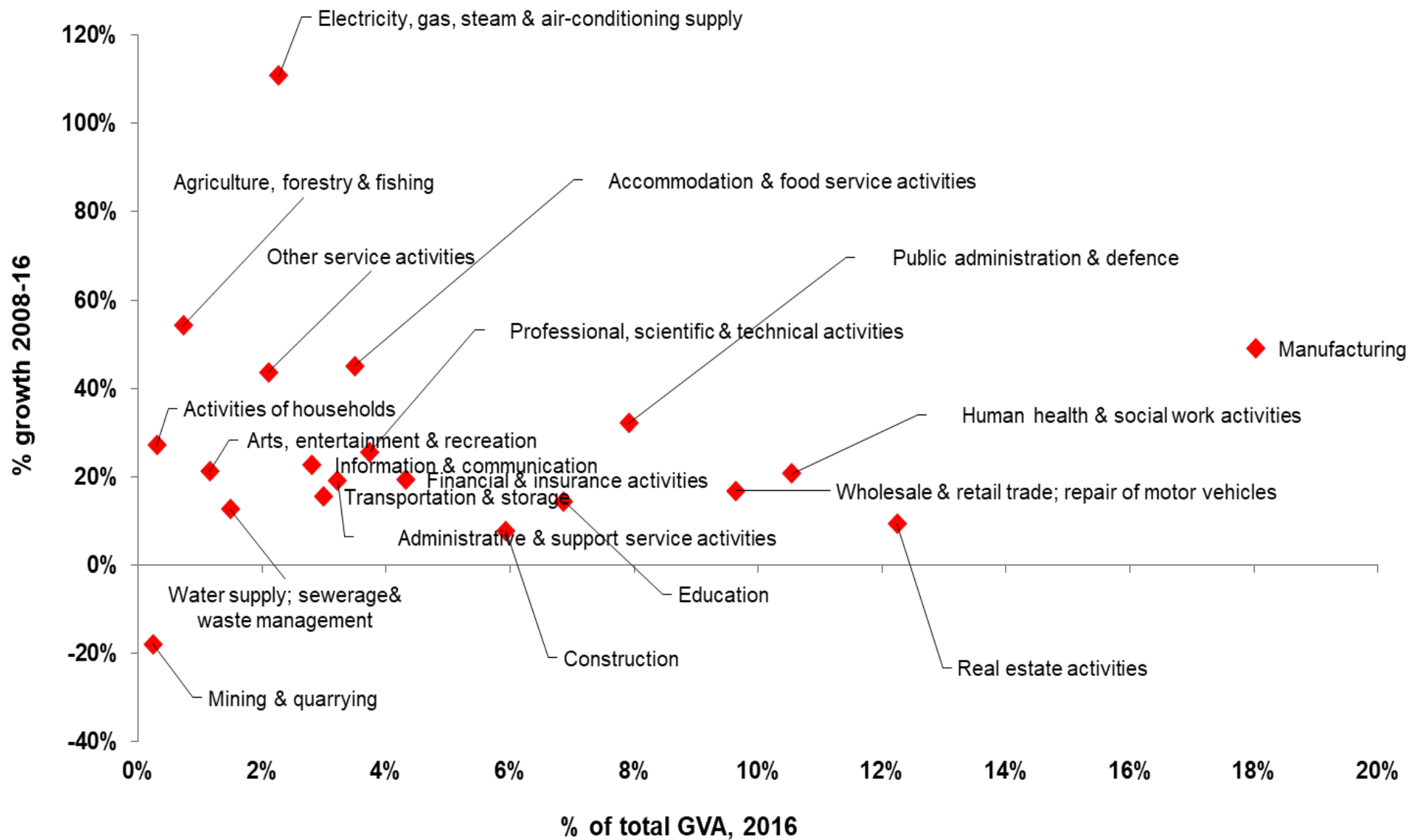
Welsh manufacturing GVA highest in UK



Source – ONS

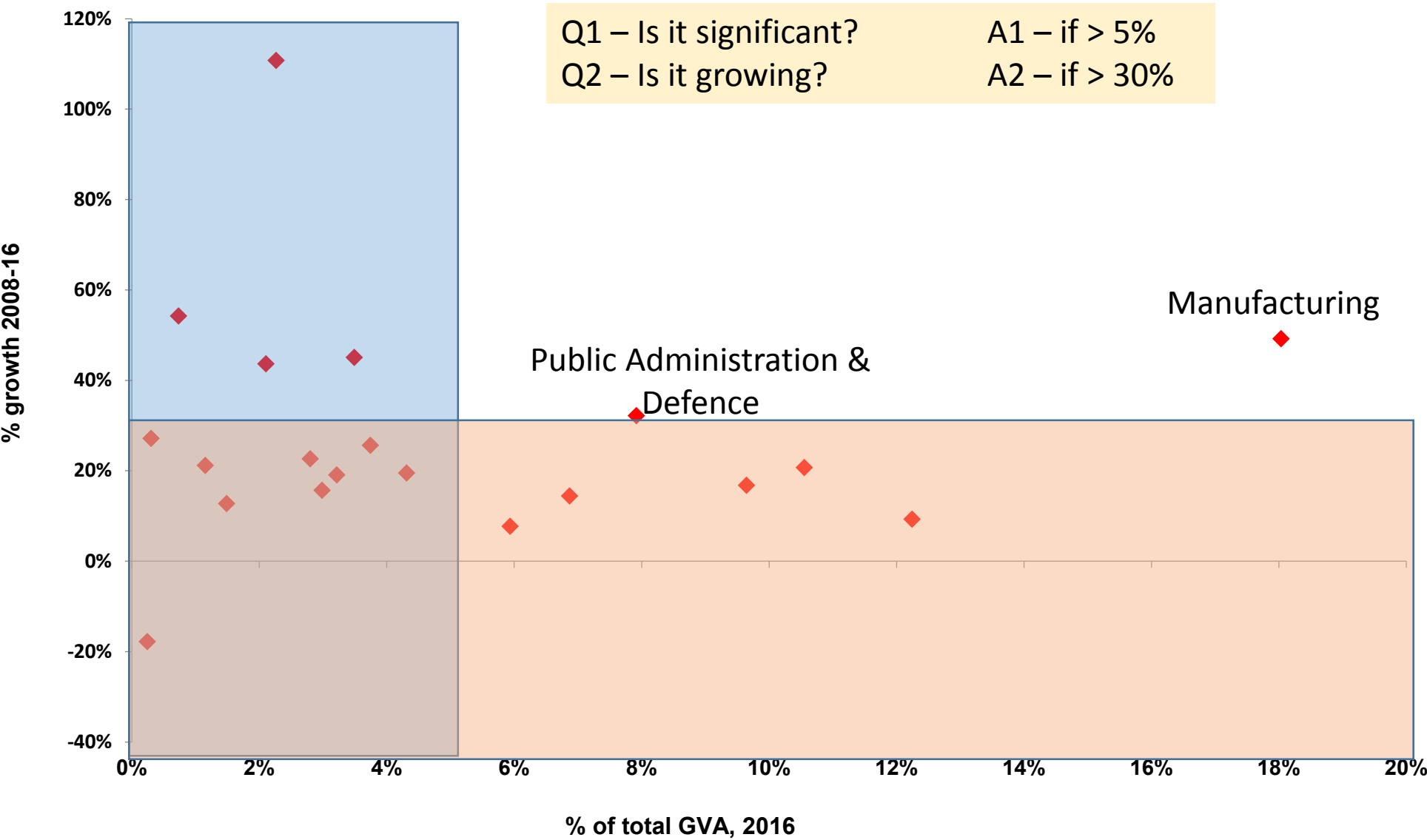
Output

GVA By Industry, 2008-2016

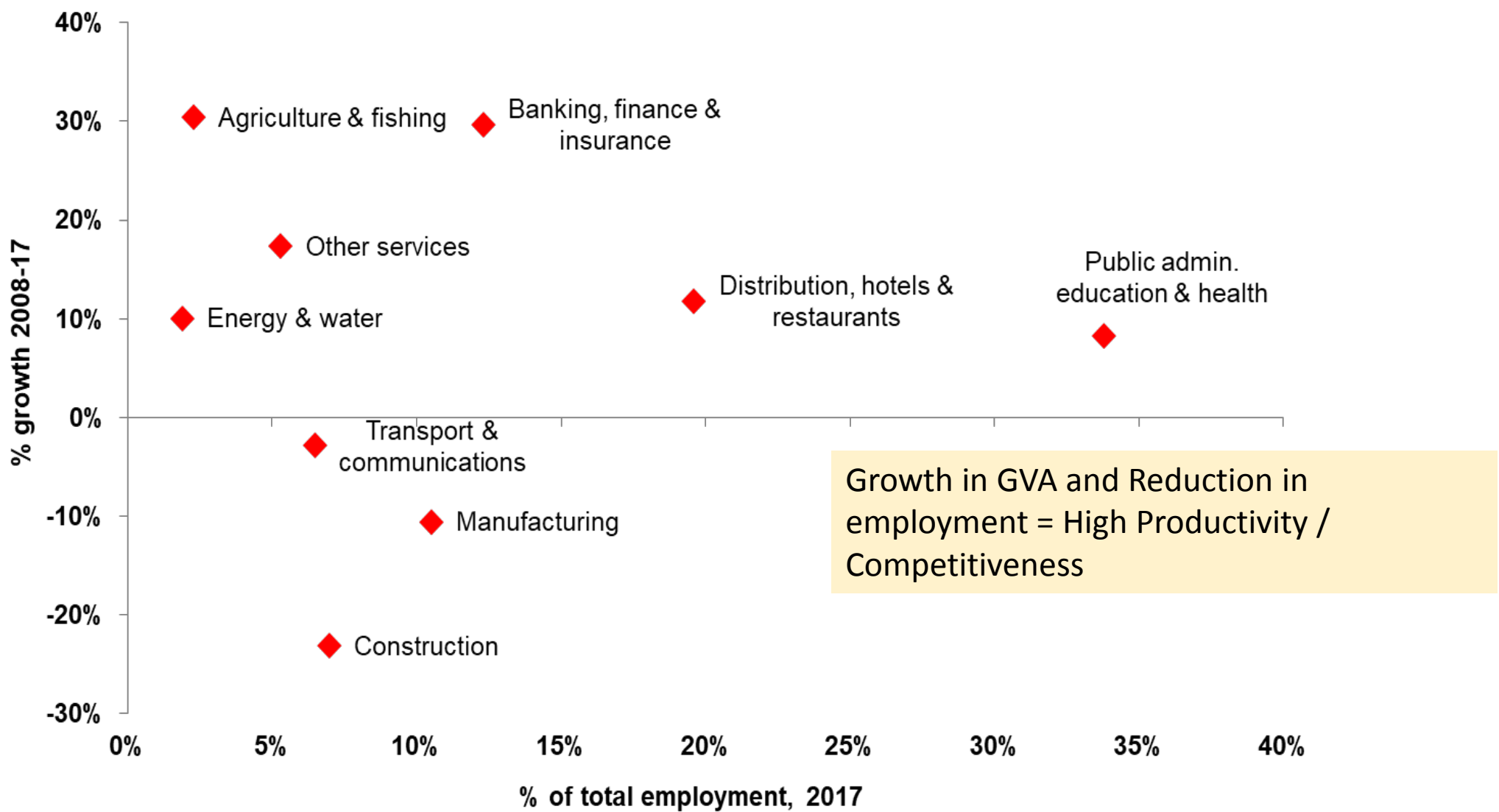


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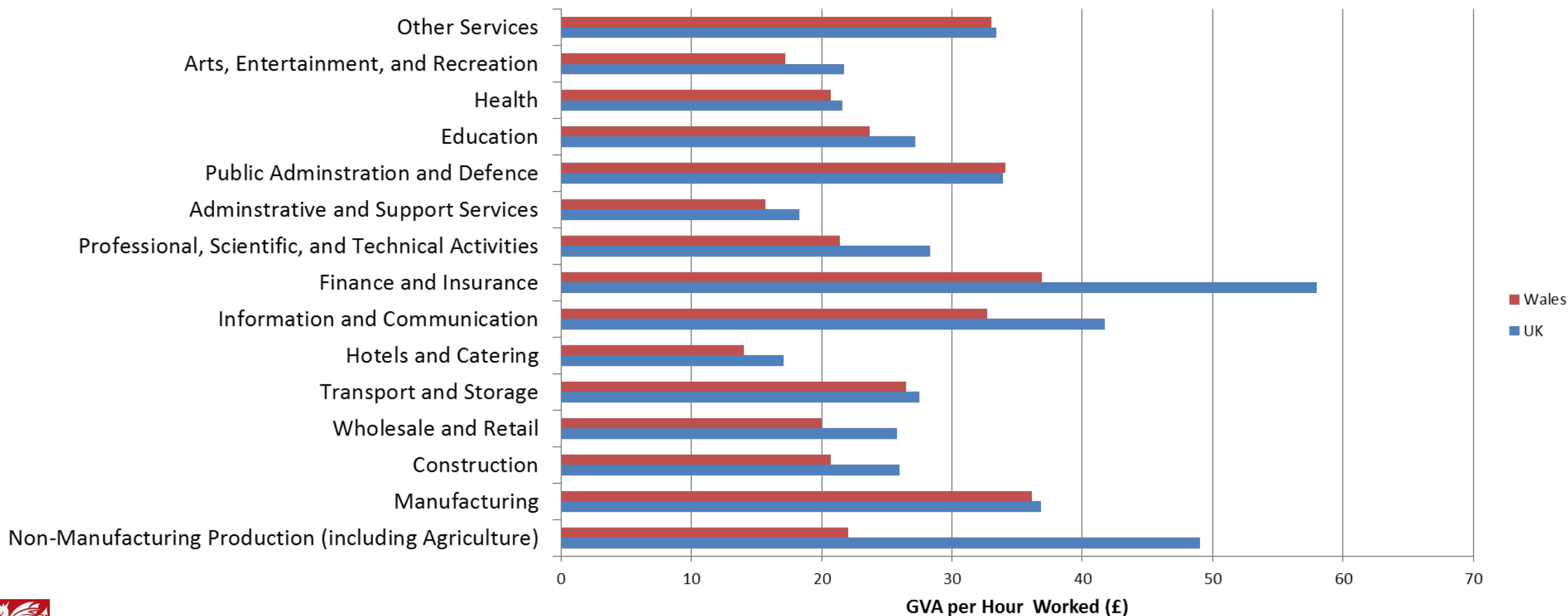


Employment by Industry, 2008-2017

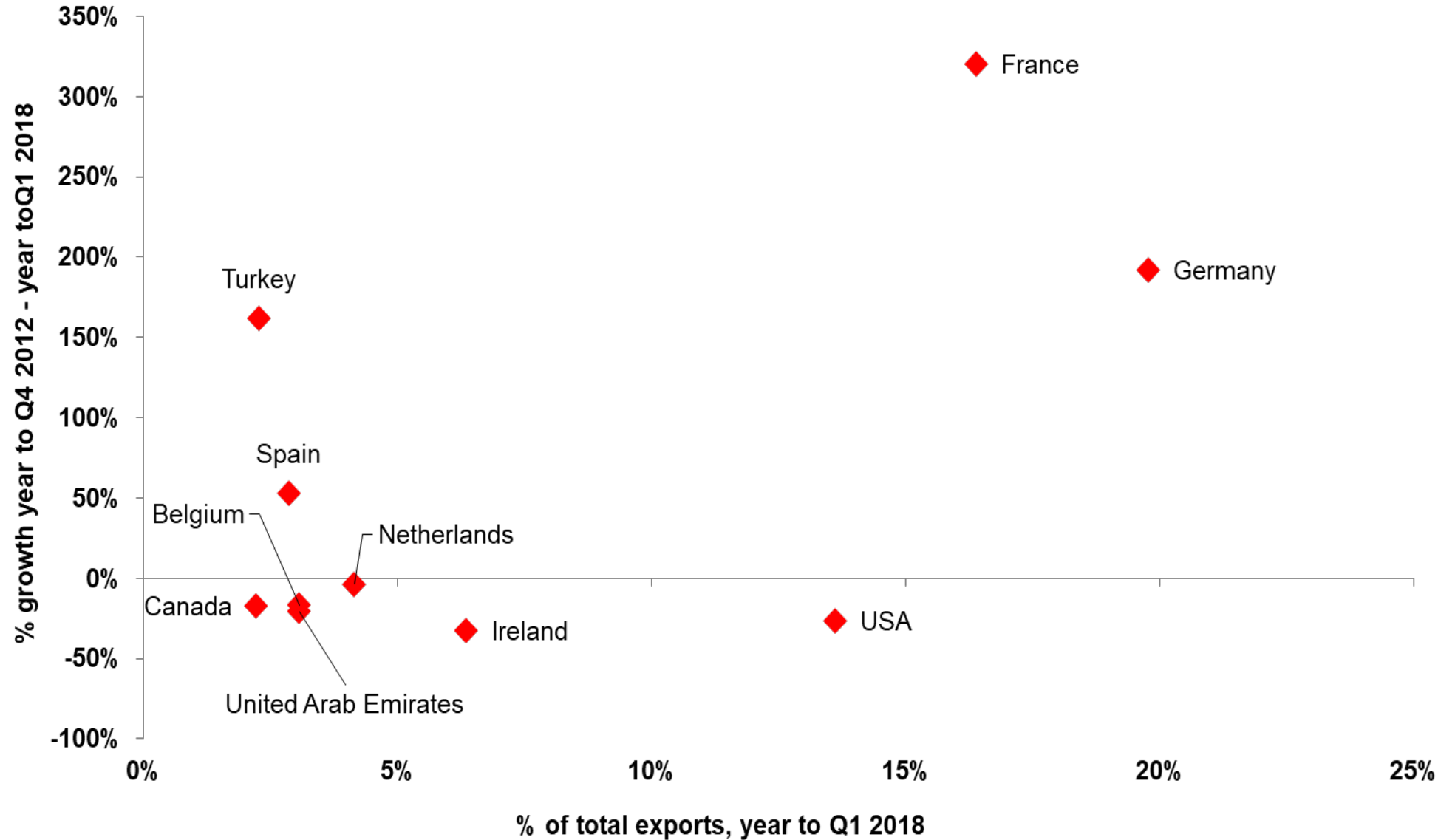


Productivity

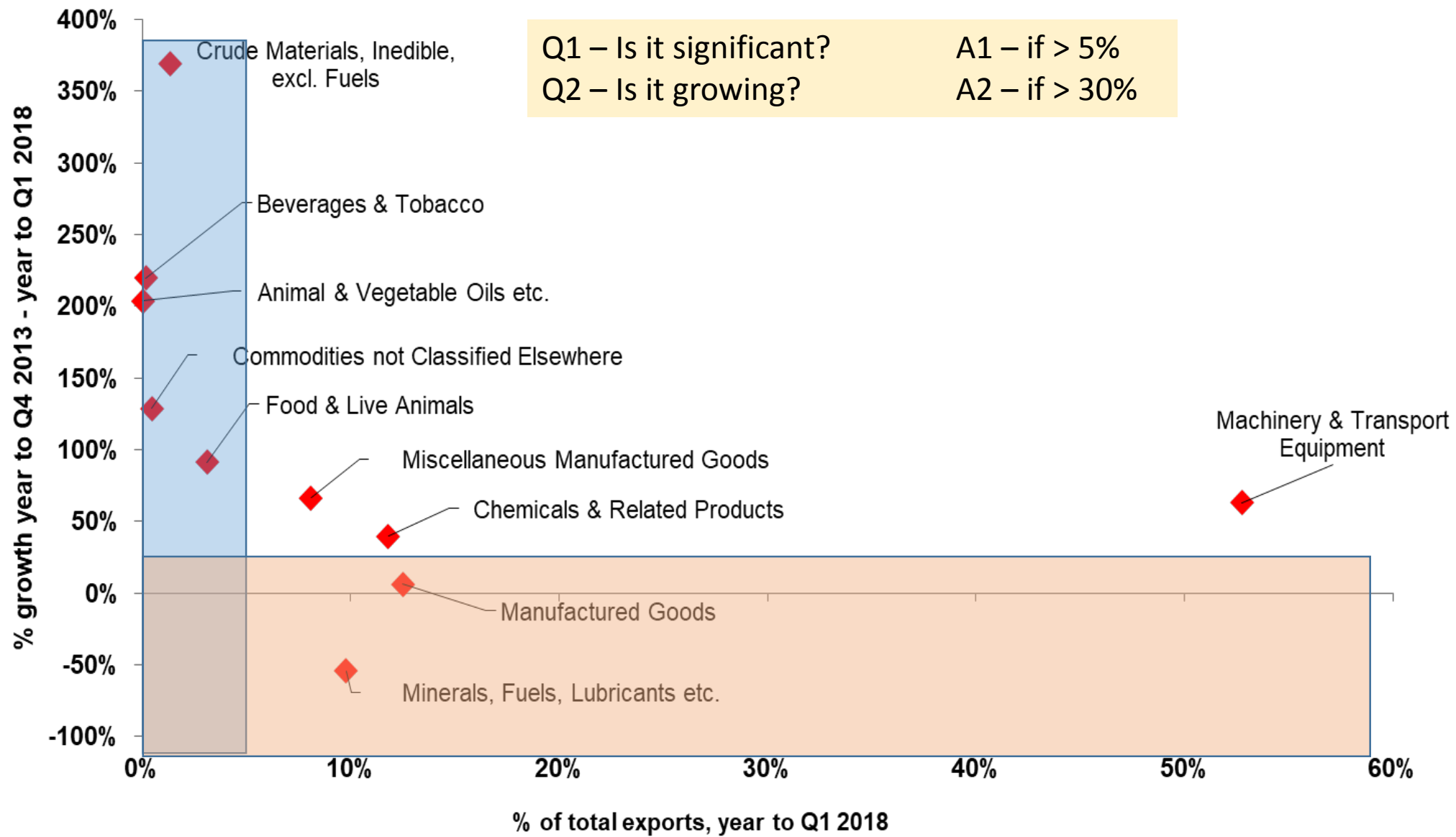
Productivity by Industry in Wales and the UK



Export Markets (Top 10 Destinations), 2012-2018



Export Markets (Products), 2012-2018



UK : Industry Strategy : November 2017

Vision

The worlds most innovative economy

Good jobs and greater earning power for all

A major upgrade to the UK's infrastructure

The best place to start and grow a business

Prosperous communities across the UK

Five Foundations

Ideas

People

Infrastructure

Business Environment

Places

**AI and Data-Driven
Economy**

Clean Growth

Future of Mobility

Ageing Society

Four Grand Challenges

Industrial Challenge Fund programmes

WG : Economic Action Plan : December 2017

Vision: Prosperity For All

- Growth with Purpose – inclusive, equitable, enhancing
 - Building an economy on strong foundations
 - Focused on industries of the Future
 - Improving productivity within all regions

**Five Priority
areas**

**Early Years
Housing
Social Care
Mental Health
Skills and Employability**

- Decarbonisation
- Innovation, Entrepreneurship and Headquarters
- Exports and Trade
- High Quality Employment, Skills Development, and Fair Work
- R&D, Automation, and Digitalisation

**Five Calls to
Actions**

Economic Contract :Accessing direct Financial Help based on clear evidenced criteria

Growth Potential, Fair Work, Promotion of Health/& Learning, Carbon footprint reduction

WG : Economic Action Plan : December 2017

12 Well Being objectives

5 Ways of working – Long- Term, Prevention, Integration, Collaboration, Involvement

WG will change the way it works

Public Investment with a social purpose

Simplification

Strong Regional Voice

Long Term focus

Economic Contract

Single Economic Futures Fund

Organisation change to regional Economic development

5 Calls to Action

<u>National Thematic Sectors</u>		<u>Foundation Sectors</u>	<u>Regional Focus - 3 RCOs</u>
HV Manufacturing Tradable Services Enablers		Tourism Food Retail Care	North Mid and South West South East
<u>Other</u>	Advisory Architecture - Ministerial Advisory Board Procurement		
<u>Next Step</u>	WG Organisation changes Programme of engagement - inform implementation and delivery		

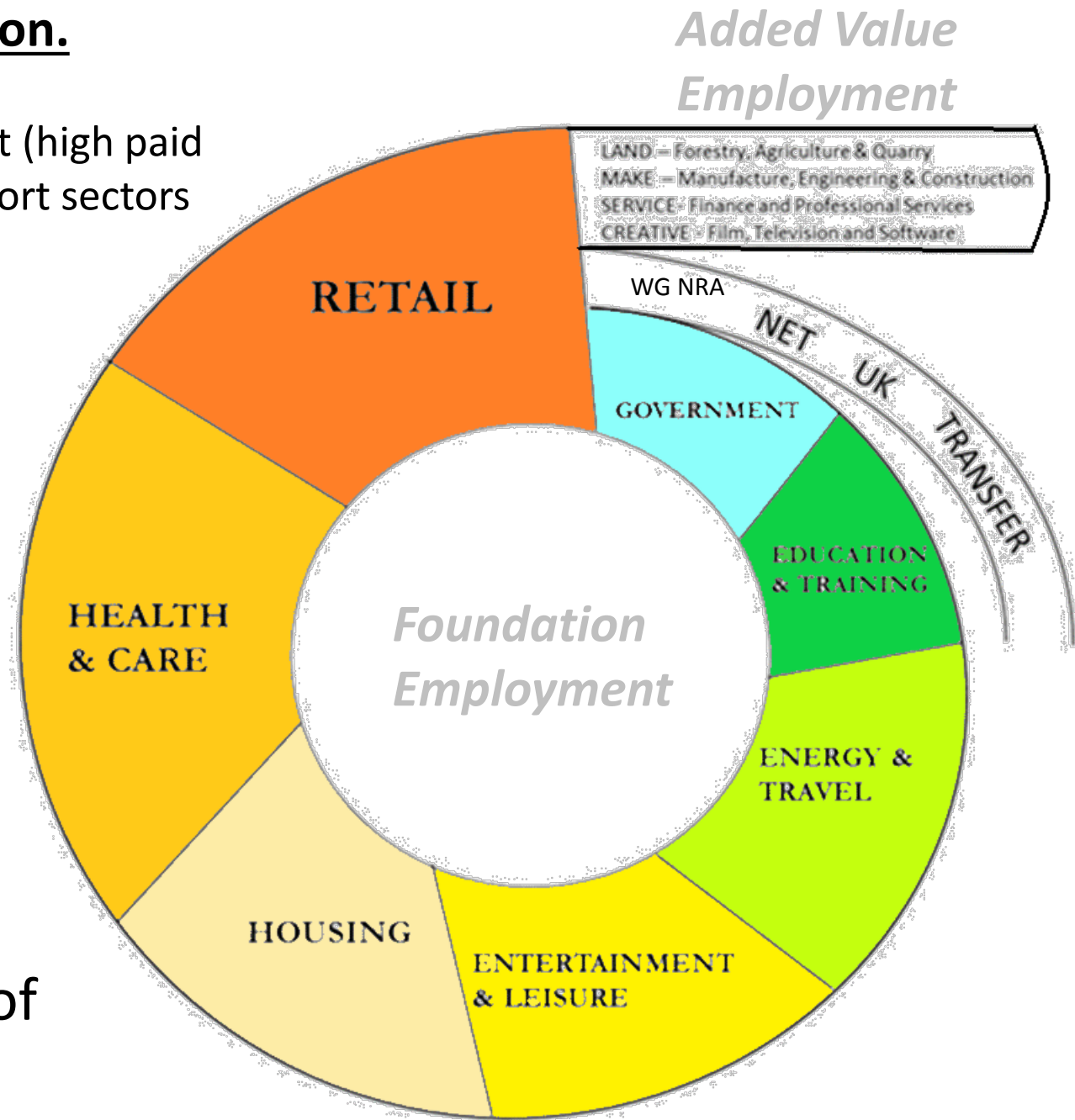
Breadth of Economy consideration.

The consideration of Good employment (high paid sustainable secure safe jobs) in the export sectors as well as the foundation economy

Foundation employment excels in wealth distribution regionally and improves in reward as wealth is generated by Added Value Employment..

Added Value employment excels in wealth creation and thus drives the total amount of wealth into Wales above and beyond the almost closed system of Tax receipts

Balancing right types of Employment in Wales



BREXIT

Where are we?

A withdrawal agreement and agreed with EU27

Delayed Commons vote on proposed deal on the hope on comfort to be given on back stop

New vote – possible next week or early January

What is the actual status today?

The UK is leaving the European Union on 29 March - it's the law, regardless of whether there is a deal with the EU or not. Stopping Brexit would require a change in the law in the UK and - it is widely thought - the agreement of the rest of the EU, under the terms of Article 50. The European Court of Justice ruled on 10 December 2018 that the UK could cancel Brexit without the permission of the other 27 EU members, and remain a member of the EU on its existing terms, provided the decision followed a "democratic process".

A [585-page withdrawal agreement](#). This is a legally-binding text that sets the terms of the UK's divorce from the EU.

It covers how much money the UK owes the EU - an estimated £39bn - and what happens to UK citizens living elsewhere in the EU and EU citizens living in the UK. It also proposes a method of avoiding the return of a physical Northern Ireland border.

A [26-page statement on future relations](#). This is not legally-binding and sketches out the kind of long-term relationship the UK and EU want to have in a range of areas, including trade, defence and security.

BREXIT

Scenarios

1) Deal Exit

Commons agree – 21 months to negotiate the Trade Deal with the major concern on NI border and perhaps Services.

2) Extend timeline for Exit.

Requires Law change in UK and EU27 agreement

Commons collective does not want No Deal.

EU27 would agree if 2nd Referendum was agreed.

3) No Deal exit

Consequence of no collective agreement in Government and time runs out

4) Cancel Exit

Requires 2nd Referendum

No Regrets Preparation

1) Know your Supply Chain

2) Consider your incoming and outgoing logistics routes (we are not a priority at Borders)

3) If you have not traded to non EU, then review your processes

Rules of Origin - % EU

Certification trail

4) Min. spend 15 minutes on Business Wales Diagnostic tool!

Ask WG/IW for pointers.

