

# Executive summary

The aftermath of Brexit, the global upheaval caused by the COVID-19 pandemic, and inflationary and budgetary pressures have compelled Wales to re-evaluate its approach to regional development. Wales is increasingly taking a regional perspective – considering how government policy and actions affect its four economic regions – to help confront regional inequalities and foster well-being across its territory. The Welsh economy faces a sizeable productivity gap with the UK average and substantial, persistent differences across Welsh regions. Between 2011 and 2021, the productivity level of the South East region of Wales has consistently been more than 30% higher than that of the Mid Wales region (measured in gross value added per hour worked). The 2020 OECD report *The Future of Regional Development and Public Investment in Wales, United Kingdom* provides recommendations to help boost productivity across Welsh territories, focusing on enhancing transport performance, building workforce skills and investing in research and development.

This 2024 OECD report follows up on key recommendations from the 2020 report for enhancing regional development efforts and governance. It summarises progress and ongoing efforts towards a more cohesive and co-ordinated approach to regional development – a central focus of the 2020 report – drawing on insights gathered during a number of activities in the project, including vision-setting and capacity-building workshops, focus groups, a multi-stakeholder dialogue, and a toolkit for the Corporate Joint Committees. It supports the Welsh Government by providing further recommendations to boost strategy design and implementation on the national and subnational levels.

## Key findings and recommendations

**The Welsh Government should establish a coherent strategic thread for regional development activities across the national government.** Currently, the Welsh Government does not have a comprehensive long-term regional development strategy, one of the recommendations of the 2020 OECD report. Policy and decision makers look to sector strategies and other higher-level documents to guide activities related to regional development, like the Well-being of Future Generations (Wales) Act 2015, the Programme for Government and Regional Economic Frameworks. Notwithstanding the recommendation for a single regional development strategy, which requires strong and cross-cutting support to establish, the Welsh Government can better connect high-level legislative goals with policy and activities related to regional development across the government.

- As an alternative to a comprehensive long-term regional development strategy, the Welsh Government can define clear high-level objectives for regional development in existing strategic documents to ensure a regional lens is applied in sector policies and to help align different activities towards common goals.

**A co-ordination gap for regional development could undercut the Welsh Government's goal to take an integrated approach to regional development.** Creating an office for regional development co-ordination in the Welsh Government – a key recommendation of the 2020 report – becomes more critical

with the recent dissolution of the Welsh European Funding Office within Welsh Government which served as the *de facto* regional development co-ordinator given its EU funding role. In addition to a co-ordinator, the Welsh Government can explore other ways to adjust existing processes to strengthen co-ordination for regional development.

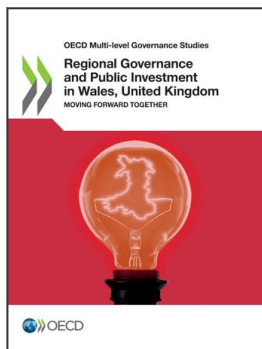
- Strengthening and diversifying co-ordination mechanisms across the Welsh Government can further bolster co-operation across government departments. This starts with designating a dedicated team for the co-ordination of the Welsh Government's regional development efforts.
- Ways of working must support collaboration across different teams and departments within the Welsh Government. Clear expectations – formalised in a Ways of Working Charter – can help overcome bureaucratic obstacles that impede collaboration.

**Four regional structures - Corporate Joint Committees (CJCs) - support collaboration among Welsh local authorities in transport planning, spatial planning, and economic well-being.** Some local authorities have expressed reservations about the CJCs, including a wariness of an unvoiced agenda from the Welsh Government, resource limitations, and a crowded field for regional co-operation. To gain the support of local authorities and citizens, the CJCs must demonstrate their unique value with support from the Welsh Government. This involves:

- Defining, articulating and sharing the unique value proposition of the CJCs through a collaborative process with stakeholders to establish their distinct regional development contributions and increase their visibility to a broader audience.
- Fostering strong lines of accountability alongside effective performance monitoring and evaluation to help build and maintain the confidence of constituent local authorities and residents.
- Empowering the CJCs to best serve their regions by setting clear expectations from the Welsh Government while demonstrating receptiveness to new ideas beyond legal requirements.
- Creating a data dashboard that presents key economic and well-being indicators by region to set the stage for evidence-based regional planning and implementation, helping the Welsh Government, the CJCs and local authorities make decisions and understand impact.

**Despite a shared desire for better relationships, friction between the Welsh Government and local authorities poses a challenge to the vertical collaboration required for regional development.** Common local authority concerns about the Welsh Government-local authority relationship include administrative burdens, lack of empowerment for local authority decision making, limited opportunities for constructive dialogue and excessive scrutiny. Existing initiatives to improve relationships, including the high-level dialogue between local authorities and the Welsh Government through the statutory Partnership Council, have not fully addressed these concerns. In early 2024, the Welsh Government introduced new platforms for dialogue between the CJCs and the Welsh Government at the political and operational levels with the aim of addressing concerns about the quality of exchange.

- New dialogue platforms should favour active engagement by local authorities by shaping agendas collaboratively and providing ample time for open discussion. The Welsh Government can convey respect by holding face-to-face meetings in CJC regions. Finally, the Welsh Government can provide transparent explanations to participants of the reasoning behind decisions. These adjustments will help to ensure that participants view engagement as fair and constructive.
- The Welsh Government should carefully weigh its use of prescriptive directives and guidance, and promote experimentation to help the transition towards a more collaborative approach among the Welsh Government, local authorities and CJCs. This could, for example, start with listening-and-action sessions focused on how local authorities envision implementing new policy.
- The Welsh Government, local authorities and the CJCs can create a bedrock of shared values by formalising the principles for joint working established in an OECD workshop and making provisions to monitor their implementation.



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