



RE-BUILD WALES

A Proactive Plan for Rapid Recovery

February 2021



Plaid Cymru
Party of Wales

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INTRODUCTION

In the shadow of the pandemic and in the wake of the disruption from Brexit, the Welsh economy is facing its biggest challenge for a generation.

On current trends and in line with UK forecasts Welsh unemployment is due to reach 120,000 by the summer.

Wales needs an alternative economic strategy that puts our people to work to build a brighter future.

Come May 6th Wales cannot afford to wait for the economy to recover, or Westminster to offer solutions to rising unemployment and surging business bankruptcy—we need a new dynamic Welsh Government with an immediate plan of action.

Adam Price
Leader of Plaid Cymru



1. £6BN GREEN ECONOMIC STIMULUS

- A Plaid Cymru government will take immediate steps to plan and deliver **an emergency low-carbon infrastructure stimulus** as recommended by the Wales TUC, the Institute for Welsh Affairs and the Future Generations Commissioner.
- **A £6 billion programme of investment** to support Wales' economic recovery from the COVID-19 crisis, it's been estimated by Transition Economics, will **create almost 60,000 jobs** in the immediate term, reabsorbing workers who have lost employment due to the COVID-19 crisis.
- To address this we will immediately create a new **Office of Regional Development and Investment**—a team of strategic planning, investment management and project appraisal specialists—in the First Minister's Department as proposed by the OECD in its recent report to the Welsh Government.
- We will immediately task the National Infrastructure Commission, working with the Future Generations Commissioner and the Development Bank, local government partners and others, to turn its State of the Nation report due to be published in May into **a detailed schedule of shovel-ready investable projects** that will lay the foundations of a new resilient Wales.

The Welsh Government's ability to plan and implement capital spending programmes is poor as evidenced yet again by its failure two years running to spend its £150m a year capital borrowing entitlement. The speed and scale of our investment ambitions will depend on our ability to tackle this deficiency.





Outline plans presented by the TUC and the IWA suggest this could include measures to:

- Build thousands of new social homes to meet unmet housing need
- Retrofit more than a hundred thousand homes to the highest environmental standards
- Invest in decarbonisation research (e.g. for key industrial sector like steel, and emerging Welsh strengths in hydrogen and marine energy)
- Grow Welsh ownership of the renewable sector
- Build the facilities for Wales to lead the world in offshore wind
- Expand and electrify the rail network
- Achieve Gigabit connection throughout Wales

- Increase Wales' forest cover by 13%
- Build new flood defences and restore nature
- Secure complete coverage of Wales for EV charging
- Take Welsh active travel to European levels of investment

In putting together our financing plan we will call on Westminster to increase the Welsh Government's borrowing cap as direct financing from the Public Works Loan Board is the most cost-effective form of borrowing.

But Westminster's refusal should not prevent us from drawing up and implementing a Plan B.

An Alternative Financing Plan

We will draw up a detailed alternative financing plan based on the following elements:

- **A national Green Growth Deal** will be agreed with local authorities, combining their extensive powers to borrow—as suggested by the Senedd Finance Committee in its report on Welsh Government Capital Spending—with Welsh Government’s ability to offer long-term revenue support in return. This would operate on similar lines to the Local Government Borrowing Initiative—but at a far larger scale—and work through existing structures like the City and Growth Deal partnerships and newly constituted CJs.
- Greater Use of **Financial Transaction Capital**, for example, in funding housing projects as suggested by Carmarthenshire Council and the housing association Tirion.
- **Appropriate use of the Mutual Investment Model**, adapting its use to additional areas, e.g. a new programme of investment in 21st Century Care Homes.
- Investment by the UK Infrastructure Bank and other institutional investors like the **Wales Pension Partnership**.

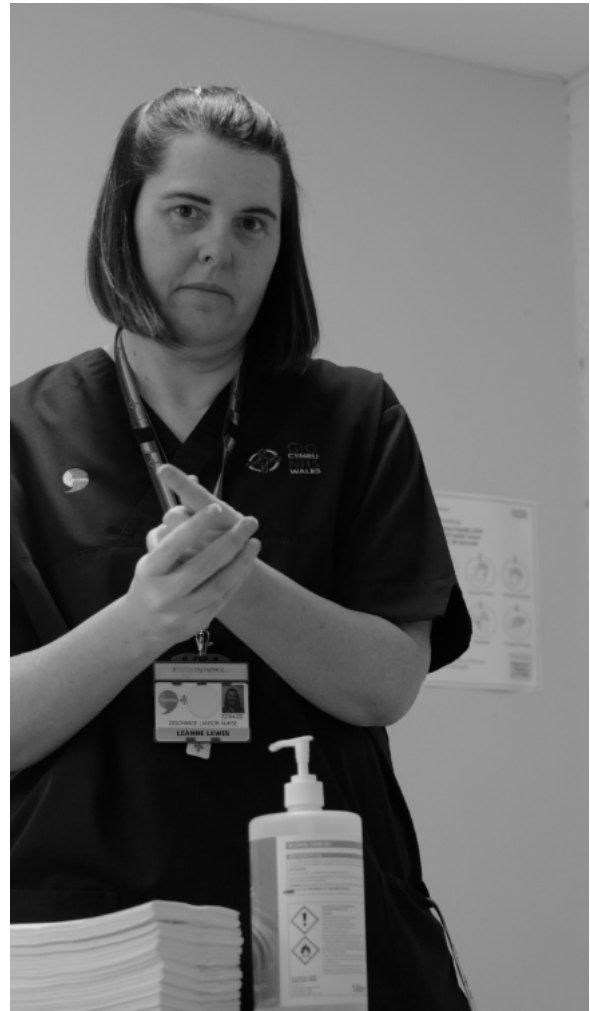
With interest rates currently at historic lows—indeed negative in real terms—we estimate that the indirect debt financing costs to Government based on the above mixed funding model would be in the region of £250m over an average repayment term. This represents extraordinarily good value for money given the treble dividend of job creation, long-term skill development and upgraded infrastructure providing a high-level, long-run return on investment.



2. INVESTING IN A NATION THAT CARES

As part of our Recovery Plan we will create **7,500 new jobs** to address our two most pressing social needs: the lost year of education for the young, and our duty of care to the old and the sick.

New teachers, teaching assistants and childcare workers will be recruited to help our children catch up and thrive. And **thousands of new decently-paid jobs will be created in care homes, homecare and healthcare** to help us transform a system that has been under-staffed, under-paid and under-valued for too long.



3. THE WELSH YOUTH GUARANTEE



Faced with the prospect of mass youth unemployment we will **guarantee secure employment, on at least a Living Wage to every 16 to 24-year-old** alongside an apprenticeship, a full-time place in college or university or participation in a paid role in a volunteering programme—a modern version of Roosevelt’s New Deal era Civilian Conservation Corps—restoring nature and building a greener future.

We will kick-start the programme with **an initial £50m investment.**

4. NEW BUSINESS SUPPORT

A Plaid Cymru government will:

- Introduce **an immediate package of additional business support for viable businesses** facing short-term cash flow difficulties.
- Offer **long-term loans at a zero interest-rate** and with an initial repayment holiday, long enough to allow the business time to get back on its feet—as currently being done by development bank bpifrance in Ile de France.
- Develop **an emergency support scheme**—modelled on a successful initiative in Norway—to cover up to 90% of unavoidable fixed costs for otherwise viable businesses facing bankruptcy.
- Change the rules on financial support, so they reflect the circumstances of the newly self-employed, as Northern Ireland has done.



5. TRAINING FOR TRANSITION



- With thousands being made redundant every month we will create a **national training programme for workers to reskill** in new jobs in areas like digital, construction, green energy and care where our Recovery Plan is generating new job opportunities.
- We will create a Welsh version of Swedish Job Security Councils—the world’s most successful job centres—at our Further Education Colleges, to provide end-to-end tailored support—**from training to temporary living support**—for the recently redundant.
- Trialling it first with this group of workers we will give those over the age of 25 a **lifelong Personal Learning Account** with an initial tax-free credit of £5,000, and loans for more expensive courses on the same terms as university tuition fees.

6. LOCAL FIRST

Drawing on the lessons from sourcing Personal Protective Equipment closer to home we will take steps to bring about a radical re-localisation of the economy.

- We'll use the new freedom available post-Brexit, as the UK Government has recently done in England, to **introduce a 'local first' procurement policy** that will give explicit preference to small and local businesses.
- We will reduce contract size and bring as many as possible below the threshold level agreed by the WTO which will allow the Welsh public sector to specify **Welsh firms only** in its contracts.
- We will set a target of **increasing Welsh firms' share of Welsh public procurement from 52% to 75%** of the £6bn total—meaning more than £1.2bn extra in contracts for Welsh-based firms—creating, according to the Welsh Government's own figures, up to 46,000 jobs.



7. PRIMING THE PUMP



- We will introduce targeted short-term help for those sectors that will continue to feel the effects of the pandemic into the summer and beyond—in particular, hospitality, tourism, events and the arts.
- We will **extend business rate relief** to the hospitality sector and other worst affected businesses, initially until the end of June, as the Scottish Government has already done, and longer as necessary.
- To support the arts we will create a **basic income of £1,000 a month for a 1,000 cultural freelancers** willing to create, perform and share their work with the community at large.
- As all of us need something to look forward to after the darkest and most difficult of time we will start planning immediately for a **year-long, nation-wide Festival of Wales in 2023**. This will celebrate and promote our great festivals—from Hay to the Eisteddfod to Green Man to the Royal Welsh—which have been so sorely missed and will organise events to bring us together and bring the world to Wales.

8. NATIONAL WEALTH BUILDING

Beyond the immediate Recovery Plan, our Alternative Economic Strategy will shift the focus to supporting domestic businesses, promoting local ownership of companies and ensuring more of Wales' wealth is retained in the Welsh economy.

At its heart will be the creation of new economic institutions which we will set out about creating from Day One to secure the progress of our Rapid Recovery Plan and power the Welsh economy forward into a more prosperous future.

- As proposed by the OECD, we'll establish a new national economic development agency, **Prosperity Wales**.
- We'll turn the Development Bank of Wales into a **National Investment and Infrastructure Bank** to take state-owned equity in businesses and build on our green and low carbon investments.

- We'll create a **National Energy Company** and a **National Land and Housing Agency** to continue the momentum of investment in renewables and construction.
- And two **regional development corporations** in the Valleys and the Rural West that will ensure growth in the decade to come will not just be green, but inclusive.



