

# **Manifesto for Welsh Labour**

## **Part 1**

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## Introduction

It is now almost 25 years since the first Senedd election which has seen continual Labour control but mainly with the support of other parties. This is the first part of a three part manifesto for Welsh Labour outlining how I see the way forward.

The first chapter looks at the future of devolution explains the problem with Independence and argues for Devo Max as an alternative to where we are, abolishing the Senedd or Independence.

The second chapter considers budget prioritisation and what should be the budget priorities of the Senedd and where reductions can be made.

The third chapter makes an argument in favour of developing indigenous companies in high wage and high tech sectors as opposed to seeking inward investment.

The fourth chapter looks at poverty in Wales and the need for the Westminster government to address the benefit system. It further calls for an end to exploitative contracts and the need to move everyone to be being paid at least the real living wage.

The final chapter examines the shortage of housing and addresses the need for more council housing alongside bringing empty properties back into use.

The conclusion outlines a strategy based upon these earlier chapters.

## Future of Devolution

Support for Welsh independence fell back to its lowest level in three years, a St David's Day 2023 poll conducted by YouGov has shown. If Wales were an independent country, it would be the 137th largest country and we know that the Gross Value Added (GVA) per capita of many other countries is lower than that of Wales.

So, why having identified that Wales is neither too small nor too poor to be independent, do I oppose independence. An independent Wales would, I believe, be poorer than we are now with higher taxes, poorer public services, or both. Pro Independence economists make Independence work by not funding the state retirement pension and not paying Wales share of the national debt.

Countries splitting up and joining together is not unusual. Some splits are amicable like Czechia and Slovakia and others such as the Balkans involve conflict and we also have had Countries becoming new nations by joining together e.g. Germany and Vietnam.

In recent times we have seen five countries lose part of their land mass to countries newly created, three are in Africa, one Europe and one in Asia. No country that has broken away from a larger country has improved its relative world economic position; they have not had an economic bounce from Independence.

Great Britain is integrated and creating new countries from it will raise a number of issues. Some, but certainly not all of the issues include: What currency would be used, the need for the creation of a central bank to set interest rates and act as a lender of last resort as the bank of England currently does, a customs union would need to be agreed and Income Tax would need collecting where it is earned.

Pensions and other benefits – How will the payments be made for people who have paid National Insurance contributions when living in both Wales and the rest of the UK.

Security – There are currently a number of bodies such as Border security that act on a UK basis and would either need to be jointly funded or split up.

National debt – This will need to be allocated on an agreed basis.

Finally on a positive note I support Devo max where those services which are best devolved to Wales are devolved and that devolution should not end in Cardiff with more powers and responsibilities devolved to local councils.

We have had three devolution settlements for Wales, and we are no closer to a long-term settlement than we were before the first. In Britain we have seen different devolution settlements for Wales, Scotland and Northern Ireland as well as different areas devolved to London and the larger city regions of England.

We have what is meant to be a reserved powers model in Wales, following the most recent settlement, but the host of reservations within supposedly devolved areas makes a mockery of such a definition.

I support Devo max which gives fiscal autonomy and is a particular form of far-reaching devolution that has been previously proposed for Scotland and Wales. The term describes a constitutional arrangement in which instead of receiving a block grant from the UK Exchequer as at present, the Senedd would receive all taxation levied in Wales; it would be responsible for most spending in devolved areas but make payments to the UK government to cover Wales's share of the cost of providing UK-wide services.

This would need protection because currently Wales raises substantially less than it receives in the block grant and central spending; a balancing method of funding is needed to ensure Wales is no worse off than it is now.

Surely the question to be asked is what needs to be controlled by Westminster in order to benefit the whole of the United Kingdom as opposed to what each ministerial department desires to keep under its control.

There are the obvious areas that need to be held centrally such as defence, foreign affairs, national security, currency, interest rates, overseas aid, immigration, driver and car licensing, central bank, and National Insurance numbers. If most or all those areas are devolved, it is called independence not devolution.

There are those it is worthy of discussion over whether they should be devolved or set centrally which include pension rate and age, social security system, duty on alcohol, petrol and tobacco,

How will financial support from the wealthier to the poorer regions be organised and maintained despite the statements of Yes Cymru, Wales is a net beneficiary of the sharing of resources.

Everything does not have to be devolved to Wales, Scotland and Northern Ireland or the English city regions at the same time. What we need is a list of items which are available to be devolved with each Parliament or Mayoral area needing at least two-thirds of members voting in favour before it is devolved. This is what happened in Northern Ireland when policing was devolved.

This avoids “big bang” devolution where control of everything passed on one day but allows for matters to be devolved as the parliaments and Mayors are ready for them and funding agreed.

The advantage of this is that it sets an end point of the devolution journey and it allows every area to move at a pace it is comfortable with but with a common end point.

Finally, devolution in Wales does not have to end in Cardiff. Devolution within Wales is possible to the four regions of Wales. Also, what powers would be better devolved to local authorities needs to be discussed and decided. The twentieth century was almost a one-way movement of control away from local councils. The question surely should be where the best decisions will be taken for the local population and that is not always in the Senedd.

Devolution in Wales is a journey, but it must not be a journey that only ends in Cardiff. For true devolution, powers will also be devolved to the regions and councils of Wales.

## Spending priorities for Wales

Demands on the budget always exceeds the money available, that is why it is important for Governments to prioritise expenditure. Everyone has their own priorities mine are health, education and ameliorating poverty. Hungry children do not learn well, hunger and poor nutrition leads to ill health and poor educational attainment.

Education improves the quality of living; and benefits society; in addition, it increases productivity and innovation; subsequently promoting entrepreneurship and productivity making it a key factor in supporting the economy of successful countries and it also helps improve income equality.

Bribing companies to bring branch factories to Wales is expensive and ineffective. It is easy for everyone in the area they live to list overseas companies that have come with great fanfare and then gone some like 3M after a long time but others like Bosch very quickly whilst others like LG brought many fewer jobs than expected and then completely closed.

Areas I consider key are

- Education sector
- Health and Social Care sector
- Support for children and young people
- The economy
- Reducing poverty and increased support for children and young people
- Housing
- Environment and bio diversity
- Local Government

Significant financial support has been received from Welsh Government for Education. A more strategic approach in administering grants would be beneficial. Too many smaller grants administered late in the year cause planning difficulties for organisations. The continued under-funding for adult education is a real concern and we must do all we can to fulfil the ambition of being a nation of life-long learning. Lack of funding has impacted

adults in enhancing their skills and developing new ones. This was seen as a way out of poverty, so we need to widen the opportunities.

A greater focus is required on developing and promoting apprenticeship programmes. An increase in high-level apprenticeships is important, examples include a talent gap in accountancy, and cyber-security needed to combat cyber-attacks.

There is also the important link between the Education sector and the future workforce in health and social care sector and the need to have the correct skills mix. I highlight the importance of investment in students and trainees to match the supply of qualified medical professionals with demand. The bursary for nursing has really made a difference providing essential financial support and it is hoped this could be extended to cover other health professions.

There are significant gaps in certain healthcare professions which has seen increased recruitment of international healthcare professionals and an overreliance on agency workers and a subsequent increase in costs. Pay awards in the NHS could continue to have an impact for social care recruitment as social care workers move to similar better paid jobs in healthcare.

To enhance social care roles, carers will need higher-level skills and an increase in pay so that it is not just providing basic care but providing a greater focus on prevention and reintegration of patients after leaving hospital and moving back into the community. Health education and economic development overlap and it is important that Welsh universities are on an equal footing when applying for external competitive funding streams. University research not only has the potential to provide treatment or cures for life-threatening illnesses, having this research happening in Wales can also create economic growth.

With the loss of EU structural funds, it is more important than ever that Welsh Government invests in Welsh universities to ensure a boost in output and productivity in our economy.



There is a need for the Welsh Government to prioritise R&D for economic growth and sustainability.

A Lack of capital investment is a concern in the Health and Social Care sector. An ageing NHS estate needs infrastructure improvements to stop being inefficient and costly in terms of energy use.

It is always easy to identify areas to increase expenditure but it is less easy and more controversial to identify potential savings.

Fixed costs are fixed but the amounts are not.

ICT can be used to reduce costs.

Using text or email rather than letters and automating the process.

Using open source software which is much cheaper than proprietary software.

Ending support for enterprise zones.

Capping farm subsidies at the level suggested by the FUW.

Ending financial support for inward investment but continue to fund the necessary skills training.

Do organisations such as digital and health and care Wales provide value for money.

Ending support for agricultural shows, food and drink events.

End funding for tourist attractions.

To not use the mutual investment model.

## Inward investment or developing local companies

The Welsh government sees inward investment as important for supporting economic growth and generating investment to support its priorities, which include transitioning to a low-carbon economy, reducing regional inequalities and becoming a science and technology superpower through innovation.

I see the use of the University sector and innovation in Wales via entrepreneurship and science parks as the route to economic success. If you have to bribe a company to bring a factory to Wales, then they do not want to come, and they are only coming because of the financial incentive.

The Welsh broadcaster Vincent Kane used to give a speech outlining all the inward investment that had come to Wales and how many had never provided the jobs expected such as LG or those that had come and gone e.g., Bosch, after substantial financial support. One of the most recent inward investment projects was Aston Martin, at St Athan in 2019 two years later in 2021, 200 people were made redundant.

We need more successful start-up companies like Admiral Insurance that have grown successfully in Wales. In 1999, Henry Engelhardt led a management buy-out creating Admiral insurance. In September 2004, Admiral floated on the London Stock Exchange and is now a FTSE 100 company and employs over 11,000 people.

We need in each region a Centre for Entrepreneurship and Innovation, which we know works in other countries, to provide a founder and incubator platform for students, young entrepreneurs, and investors.

We know that the Welsh economy is underperforming the UK average and especially underperforming in key sectors such as ICT, professional services, and life sciences the latter despite substantial Welsh Government support.

One of the reasons I believe the Welsh economy is underperforming is the lack of science parks. Throughout Europe and North America science parks have developed since the 1950s with the USA having over 160. The first designated Science Park in Wales did not open until 2018 at Menai on the isle of Anglesey, with Menai Science Park (M-SParc), a subsidiary of Bangor University.

Quoting from University world news from May 2011 "Clusters of innovative firms are an old phenomenon. In the UK during the first Industrial Revolution, the cotton industry was

heavily concentrated in Lancashire within the Oldham-Bolton-Manchester triangle. In more recent times, clusters of high-tech firms, most famously Silicon Valley in California, have gained fame and are routinely referred to as role models for promoting innovation, successful commercialisation of research and economic growth. What is it that makes clusters so attractive? There is extensive empirical evidence for thinking that clusters generate some tangible benefits, such as knowledge spill overs, the sharing of inputs and forward and backward linkages to research innovation, which make firms within the cluster more productive and innovative. Some firms might even never have been founded outside of such clusters.”

There are those that believe that the same success can be achieved with clusters without having a formal science park. We know that Science parks have created jobs, often in large numbers across the UK and Western Europe. The success depends upon having a close relationship with, or better being led by, the local University in areas that the university specialises in. I believe that whilst science parks will not solve the problem of the Welsh economy underperforming compared to the UK economy, they will take us several steps in the right direction especially if they are located by and run in conjunction with the universities.

We need to acknowledge the importance of Wales urban areas as engines of economic growth, learning and creativity. Successful towns and cities have always been at the heart of economic development and the creation of prosperity. Initially as marketplaces for the exchange of goods, then as business centres, and more recently as centres of enterprise, knowledge, culture, learning and innovation. More specifically, it is the larger cities and urban areas that generate large scale employment and wealth. In Britain we only need to look at London, or on a world scale New York and Tokyo, to see that is true.

Then there are the less well known cities across Europe, such as Mannheim and Aarhus that generate employment and wealth for the cities and surrounding areas. However, a fairer sharing of prosperity is essential, wealth and opportunity often exist side by side with poverty and isolation. Sometimes only a few streets away from wealthy neighbourhoods are the left behind.

Successful places need to be able to attract, then retain, businesses and this must be based on understanding their requirements. An analysis of successful and less successful places suggests the following four factors are key to economic success: A culture of enterprise and innovation, where places adapt quickly to new opportunities, and everyone can share in the possibilities and rewards of business success. This includes embracing the opportunities presented by the revolution in life science, information and communications technology, and artificial intelligence.

Access to investment, including venture capital, which is essential for businesses to start up, grow, and to deliver jobs and opportunity for all.

People equipped with the skills employers need, as well as with motivation and opportunity to work including a culture of lifelong learning enabling people to fulfil their potential and maximising employment opportunities; enabling a flexible response to changing opportunities; and encouraging companies to come to and remain in towns and cities.

An efficient and reliable transport system, including Broadband enabling efficient delivery of raw materials to industry and of goods to market; providing access to jobs; making towns and cities better places to live in; and helping tackle social exclusion.

## Poverty and low pay

### Why are the many poor and what can be done to change that?

I represent the east side of Swansea and many of my constituents live in relative poverty. Whilst for a few poverty will be caused by an addiction to gambling, alcohol or drugs for most it will be caused by low income and often irregular hours of work. The state of the Welsh economy, poverty and low pay are all inter related. A successful Welsh economy should drive up wages and reduce poverty. Too many of the people living in Wales are employed on “flexible” contracts with no guarantee of weekly income based on variable hours and the government set minimum wage. I believe that the case for everyone to be paid at least the real living wage as defined by the living wage foundation is overwhelming. I don’t believe that it makes sense that the government enforces a minimum wage that is not considered enough to live on, which is why I believe the living wage as defined by the living wage foundation is desperately needed.

There was a time when the way out of poverty was into employment but following the development of “flexible contracts” and “off the books” working all at the minimum wage, it is no longer the case and for those in work it can make for a precarious life where sickness or loss of hours can plunge people into absolute poverty, literally without any money.

Increasing numbers of companies are taking on staff on 'zero-hours' contracts , that is, where people agree to be available for work as and when required but have no guaranteed hours or times of work. Zero-hours contracts provides employers with a pool of people who are 'on-call' and thus puts all the financial risk on to the employee whose income is not guaranteed. A variation on zero-hour contracts is where there is a guarantee of as little as one hour a day and when people arrive at work, they then discover how long the shift is going to be. Starting at 8:00 am you may finish at 9:00 am or have to work until late in the evening depending on workload and the number of people who are available that day. This is a highly disruptive work pattern because you are unable to make plans for any part of the day until the day itself and wages vary from week to week. One concern is that if zero-hour contracts get banned this will be their replacement.

Both zero hour and short weekly or daily guaranteed hours means that there is no certainty of income on a weekly or monthly basis. This leads to severe financial problems when few or no hours are worked in any week(s).

Using staff employed via an agency means most employment responsibilities are then with the agency. After twelve weeks in the same role working for the same employer, agency workers are entitled to the same employment and working conditions as permanent staff. Crucially however agency workers are not entitled to benefits, such as occupational sick pay, redundancy pay, the right to claim for unfair dismissal, and minimum notice of redundancy where they are working. This means that agency staff are much easier to dismiss than directly employed staff because they are employed by the agency not the company they are working at.

Finally, there is self-employment where people work irregular hours exclusively or mainly for one employer but are classed as self-employed so lose even the minimum protection on pay and conditions of an employee.

Then there are people on benefits with universal benefit sanctioning of claimants for minor failures. It appears to many that the current benefits system is being administered in such a way that taking money off claimants appears the top priority. An example is the person who was unemployed and on benefits whose biggest fear was that they would have a job interview and job centre interview at the same time in which case they could not avoid being sanctioned for missing one of them.

Then we have PIP being refused to many severely disabled people leaving them in a serious position financially following an arbitrary decision. According to the DWP's own statistics, 59% of appeals are won by the claimant because the tribunal reached a different conclusion based on the same facts, with new written evidence making a difference in just 1% of cases.

Examples I have come across include people severely disabled refused PIP, people with degenerative disease, which will increasingly deteriorate over time, being asked when they will be fit to work.

These problems cannot be solved overnight or by actions of the Welsh government and for the benefits system to change we will need a change in Government at Westminster

There are things we can do in Wales.

- 1) Ensure all public sector workers employed by bodies directly funded by the Welsh Government are paid the real living wage
- 2) Make paying the real living wage a pre-condition for contracting with public sector bodies funded via the Welsh Government either directly or indirectly
- 3) Make paying the real living wage a pre-condition of grants and loans to private companies.
- 4) Banning exploitative contract by Welsh Government funded bodies and their contractors and sub-contractors
- 5) Making financial support for companies, both grants and loans, dependent on non-exploitative contracts

Finally, we need to campaign for a fair and equitable benefits system that protects the vulnerable, the unemployed and those with sickness and disability.

## Housing

We have many people inadequately housed or living in temporary accommodation. As the Senedd member for Swansea East most weeks I am contacted by people who desperately need suitable, affordable rented housing. To some of us housing is one of the key issues facing Wales after food and water it is the next need that people have. Far too many houses are empty, not enough council housing is being built and we have seen the return of leasehold and, high maintenance charges and we are seeing estates built with their roads and pavements not up to adoptable standard.

Now the second most common housing tenure after owner occupation is privately renting. I know from recent family experience the shortage of privately rented accommodation at an affordable price. We need Councils, Housing association and private landlord properties to meet the demand for rented accommodation.

Empty homes are a wasted resource at a time of substantial housing demand. They can also cause nuisance and environmental problems, where empty homes can be a focus for increased levels of crime, vandalism, anti-social behaviour, drug-abuse, overgrown gardens, unsteady boundary fences or walls and with a shared wall damp can come through.

They also represent a potential housing resource that is currently underutilised. Bringing empty homes back into use can help address housing and social issues by increasing supply in areas where there are housing shortages and provide an opportunity to link suitable empty homes with housing need.

If all efforts to persuade owners to bring their properties back into use fail, and such properties continue to prove to be a nuisance or be in poor condition, council's need to consider their enforcement powers but bringing in compulsory purchase powers for councils when a house or flat has been empty for over five years would improve housing availability. Once the compulsory purchase has taken place the property can then be sold on to, housing



associations, owner occupiers or private landlords to bring the accommodation back into use.

The Welsh Government introduced Houses into Homes loans that are available to renovate empty properties and make them fit to live in. The loans are interest-free, and the money is available before work starts. This can pay for work on houses or commercial buildings, including splitting a property into flats.

Between 1945 and 1959, six years of a Labour Government and 8 years of a Conservative one, 120,00 council houses were built in Wales. Building council houses was seen as a challenge by both political parties and by the mid-1970s, there was equilibrium between demand and supply for rented housing. This equilibrium was broken by the discounted sale of council housing and the near complete ending of council house building.

With thousands homeless or inadequately housed, the best means of providing quality affordable housing is via the building of council houses. Currently a housing finance grant is given to housing associations and a separate fund called the affordable housing grant is given to local authorities. The social housing grant is provided to housing associations for funding new social housing but can also help people purchase a home via shared ownership.

Whilst housing association developments and renovations have provided welcome accommodation, they are not set up to build at the scale required to meet the growing housing need.

As in the 1945 to 1970 period, the only way of providing large numbers of social housing properties is by Council's starting to build large numbers of properties for rent. This should not cost the Government money as Councils could borrow prudently against their reserves and the value of the new properties. One of the problems is the arbitrary way the UK treasury looks at borrowing with borrowing to build council houses counting against the public sector borrowing requirement but housing association borrowing not; this is not followed in other countries. The Welsh Government needs to set a target of increasing the

number of council houses built each year aiming to reach five thousand houses a year in 2030/31.

We also need to work with our private rented sector landlords, many of whom work very happily alongside the Welsh Government, to make sure that their housing is brought into use. I commend the scheme where the Welsh Government allow private rented sector landlords to give their houses over to the Welsh Government to rent so that they can rent those houses to social tenants and the private landlord gets a guaranteed income.

Whilst places as diverse as New York, Scandinavia and Vancouver have substantial co-operative housing the same is not true of Wales and the rest of Britain.

There have been major changes since devolution, Merthyr valley homes which took control of the former council housing stock and in 2016 tenants voted to create the first tenant and employee mutual housing association.

Already in Wales the co-operative housing model has helped develop housing. Successes include Dôl Llys Hall situated just outside the historic market town of Llanidloes and Home Farm Village in Cardiff.

With funding from the Nationwide Foundation and the Welsh Government Cwmpas the communities creating homes programme is offering free comprehensive support tailored to each housing scheme. The project is expected to lead to a thriving co-operative and community led housing sector in Wales, which is desperately needed.

We need to increase the quantity of properties available for rent on every type of tenure because everyone deserves a suitable home.

## Conclusion

The pamphlet comes to a number of conclusions on taking Wales forward.

It makes the case for Devo max promoting the case for both Devo max and for symmetrical devolution across the UK and it opposes Independence. Devolution in Wales does not have to end in Cardiff. Devolution within Wales is possible to the four regions of Wales. Also, what powers would be better devolved to local authorities needs to be discussed and decided.

It looks at the Welsh budget and suggests key areas of expenditure and areas where funding can be reduced. It is important for Governments to prioritise expenditure. Everyone has their own priorities mine are health, education and ameliorating poverty. Hungry children do not learn well, hunger and poor nutrition leads to ill health and poor educational attainment

It calls for action to move towards everyone being paid the real living wage, the end of exploitative contracts with the Welsh public sector leading by example. No contracts or grant funding for companies who use exploitative contracts.

It promotes the need for an economic strategy based upon developing local companies and working with the Universities as opposed to bribing companies to bring branch factories to Wales. We need to acknowledge the importance of Wales urban areas as engines of economic growth, learning and creativity

On housing it calls for further action to bring empty housed back into use and for more council houses to be built so supply can meet demand. We need to increase the quantity of properties available for rent on every type of tenure because everyone deserves a suitable home.