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Llywodraeth Cymru  
Welsh Government

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To: All Assembly Members

15 May 2018

Dear Colleague

Following my announcement in March, I would like to take the opportunity to update Assembly Members on progress with the review taking place into digital innovation. In particular, please could I draw your attention to the attached Terms of Reference which have now been finalised.

I will continue to update Assembly Members on aspects of the review as it develops.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken', written over a light blue horizontal line.

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Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

# **REVIEW OF DIGITAL INNOVATION FOR THE ECONOMY AND FUTURE OF WORK IN WALES**

## **TERMS OF REFERENCE**

### **BACKGROUND**

It is being predicted that the next technological revolution will fundamentally alter the way we live, work, and relate to one another. A number of research studies have attempted to understand the likely scale and scope of this change and in doing so have identified emerging risk areas for Wales for certain regions, industries and job roles.

The Economic Action Plan for Wales recognises the close synergy between automation, artificial intelligence and other forms of digitalisation and the transformative effect these fields are likely to have on the Welsh economy and the future labour market. In tandem, the Employability Plan highlights an important role for the education and training system in preparing our nation for the challenges and opportunities of tomorrow.

It is essential that Wales is able to fully understand its ability to respond to the next phase of technological advancement and that our response is integrated and comprehensive, builds on international best practice and involves all stakeholders from across the public and private sectors.

### **AIM**

The review will take a broad assessment of the technological advancements being made in automation, robotics, artificial intelligence, internet of things and large scale data and the opportunities and challenges for exploiting these technologies in the context of the Welsh economy and the future of work in Wales.

The review aims to investigate what action could be taken in order to shape the outcome and direction of digital innovation in Wales to ensure its benefits can be fully realised and shared by all, in line with the Welsh Government's commitment to a fair work nation, the focus of the Economic Action Plan and the commitments made in the Employability Plan.

Final recommendations will be made by March 2019, although the review has the scope to provide ongoing advice so that new ideas can be tested and learnt from at the earliest opportunity.

## OBJECTIVES

The review will examine the following areas when drawing together its evidence, analysis and recommendations for the Welsh Government:

1. Understand the reality of how automation, robotics, artificial intelligence, internet of things and large scale data are currently being exploited in Wales and identify areas of best practice.
2. Define how forms of digital innovation are likely to transform Wales, what this change may look like for the economy and the labour market and the ways in which it will differ from previous industrial revolutions.
3. Explore how advances in the use of data to drive business transformation could be exploited in Wales and the emerging fields where Wales could gain a competitive advantage.
4. Map the future of work in Wales in the context of digital innovation and determine the patterns of change across sectors and occupations, along with any risks which could generate wage, skill or social inequalities.
5. Assess how existing business models may need to adapt in light of technological changes, particularly in terms of SMEs, and determine the potential mechanisms for facilitating this transition.
6. Identify the opportunities for enhancing the quality of jobs in Wales and the skill areas required to complement the use of technologies.
7. Review international evidence on digital disruption and transformation and identify policy applications for Wales.
8. Determine the opportunities and challenges for key sectors of the Welsh economy – as identified by the Economic Action Plan – focused on propositions for accelerating the use of technology within those sectors.
9. Assess the preparedness of public sector to take advantage of the opportunities presented by new technologies in promoting the social, economic, environmental and cultural wellbeing of Wales.
10. Define what governance and post review structures may be required in order to maintain the focus on technology exploitation in Wales.

The review will position its recommendations to inform the Welsh Government's National Strategy: Prosperity for All, the Economic Action Plan and the Employability Plan, as well as helping the Welsh Government and others maximise their contribution to the well-being goals. The Sustainable Development Principle and five ways of working contained within the Well-being of Future Generations Act (Wales) 2015 will be used to progress the work of the review.

## **SCOPE**

The review will report into the work of the Cabinet Secretary for Economy and Transport's new Ministerial Advisory Board.

It will collate evidence and analysis from across Wales and internationally, making use of focus groups, interviews, witness statements and study visits, where necessary and subject to time and budget. The review should also make use of existing networks and fora to enhance its work and facilitate collaboration across stakeholders.

The review Chair and Expert Panel will determine the most appropriate methodology to underpin the collation of evidence and analysis. However, it will build on existing research and labour market intelligence before working with the Welsh Government to consider options for commissioning any additional research and briefing material.

The review will meet on a minimum of a bimonthly basis and will report to the Cabinet Secretary for Economy and Transport following each meeting with an update on progress to date as well as highlighting any major risks or issues. This update should also be copied to the Leader of the House, the Cabinet Secretary for Education and the Minister for Welsh Language and Lifelong Learning.

## **LEADERSHIP**

The review will be chaired by Professor Phil Brown, Distinguished Research Fellow at Cardiff University School of Social Sciences. He will be supported by an Expert Panel of 8-10 individuals with the appropriate expertise to inform the review. A quorum of 6 individuals is required to conduct any business of the review.

Panel members will be drawn from both inside and outside of Wales and will act in a personal capacity rather than represent the views of their business, organisation or any affiliated membership or group.

The Panel will feed into the work of the review, but all executive decisions of the review will be the responsibility of the Chair working alongside Welsh Government officials.

Panel members will be reimbursed for appropriate expenses incurred in relation to their travel and subsistence when attending meetings organised by the review.

Secretariat support for the review will be provided by officials from the Welsh Government's Skills, Higher Education and Lifelong Learning Directorate.

Any changes to the focus of the review should be made in advance and with the agreement of Welsh Ministers.

## OUTPUTS

The review will produce the following outputs:

- By the 30 June 2018 it should provide a work programme based on the Terms of Reference and developed through consultation with its Expert Panel. The work programme should set out how the review intends to deliver its aim, objectives and recommendations by March 2019.
- Also by the 30 June 2018, it should provide an agreed stakeholder engagement and communication plan.
- Following each meeting of the Expert Panel, and on a minimum of a bimonthly basis, the Chair should produce an update report detailing progress to date and highlighting any major risks or issues associated with the review.
- The ongoing publication of any evidence and briefings papers commissioned by the review where it has been granted authority to publish. Published information should be of public interest and should not undermine the wider delivery of the review.
- By 30 November 2018 the review should produce an interim report highlighting its findings to date and giving an indication of the likely recommendations to be made to Welsh Government.
- By 31 March 2019 a published report and executive summary should be available detailing the evidence, analysis and recommendations for Welsh Government as a result of the review.
- The review is granted the flexibility to make recommendations in advance of its interim and final reports for the purpose of testing new ideas at the earliest opportunity.

In the first instance, all outputs from the review should be directed to the Cabinet Secretary for Economy Secretary and copied to the Leader of the House, the Cabinet Secretary for Education and the Minister for Welsh Language and Lifelong Learning.

The review will inform the delivery of the Economic Action Plan, the Employability Plan and the National Strategy: Prosperity for All, and will make recommendations to Welsh Ministers in line with their devolved powers and focused on the key areas for future policy development and initiatives.