

Economic Development & Transport Committee

EDT(2) 03-06 (p.1)

Date: 8 February 2006

Time: 9.00 to 12.30

Venue: National Assembly for Wales, Cardiff Bay

Title: Minister's Report

Economic Overview

1. **Purchasing Managers Index:** The latest figures compiled for the Royal Bank of Scotland highlights that the Welsh economy starts 2006 with confidence. The research indicates that as 2005 drew to a close growth of output and new orders accelerated, and, employment expanded at the fastest pace since August 2004. A solid upturn in activity in the Welsh private sector was also registered with companies reporting a healthy increase in staff levels. Of particular note is the accelerating activity in the manufacturing sector, which provided the main impetus behind the pick up in overall output growth in December. Activity in the service sector also strengthened during this time.
2. **Labour Market Statistics:** The Office of National Statistics published new labour market statistics for Wales on 19th January. In summary the main findings were: -

Employment Rates

- Employment fell by 3,000 over the last year but increased by 5,000 over the last quarter.
- The employment rate amongst the working age in September to November was 71.8% - down 0.6% on the previous year and down 0.1% on the previous quarter. This compares to the employment rate of 74.5% for the UK as a whole - down 0.3% on both the previous year and the previous quarter.

Unemployment Rates

- Unemployment rate in Wales was 4.7%, up 0.3% on the previous year but still below the UK average of 5.0%.
- The claimant count level in Wales in December was up 300 (0.7%) on November. The UK as a whole saw a month-on-month increase of 0.8%. Compared to December 2004, the claimant count level was up 13.1% in Wales and 10.2% in the UK.

3. Index of Production and Index of Construction for Wales: Figures for Quarter 3 2005 have been published. The key findings were: -

- The Index of Production for Wales for the latest four quarters fell by 5.8% compared with the previous four quarters. There was an increase in the Mining & quarrying sector, which was offset by decreases in the Electricity, gas & water and Manufacturing sectors. The UK index fell by 1% over the same period.
- Manufacturing output for the latest four quarters was 5.6% lower than over the previous four quarters. The largest fall occurred in the Machinery sector with a significant rise in Coke and refined petroleum products. The UK index rose slightly by 0.1% over the same period.
- Construction output for the latest four quarters was 3.4% lower than over the previous four quarters. The UK index rose by 2% over the same period.

Encouraging Entrepreneurship

4. Finance Wales: Since its inception in 2001 Finance Wales has invested more than £50 million in SMEs. That substantial level of investment has helped leverage an additional £150 million of private sector funds leading to a total of £200 million being invested into the SME sector. The success of Finance Wales is critical to our ambitions to help make Wales the best place to start and grow a business. It is an excellent example of the delivery of customer focussed business support, drawing on European and private sector funding, and building on the strengths of a public/private sector partnership. Furthermore, I am delighted that Finance Wales plans to increase its investment level to £100 million by 2008.

Encouraging Innovation

5. Lord Sainsbury: On 12th January I met with Lord Sainsbury, UK Government Science Minister to discuss a number of issues including intellectual property; Galileo bid; R&D tax credits; our Assembly Government Science Review and the ASPB merger. I was particularly pleased by the interest Lord Sainsbury showed in the work we are carrying out in Wales on the ASPB merger.

Establishing Wales in the World / Tourism

6. Wales Tourist Board Surveys: The first in a series of five surveys of tourism industry operators carried out by the WTB make very positive reading. The research reveals that almost three-quarters of operators felt either confident or very confident about their prospects for the spring and Easter season. I am delighted Welsh tourism is looking forward with such optimism to further growth in 2006. Through good marketing, quality products and service the tourist industry is right to feel confident about maintaining its place in a highly competitive global market.

7. **Ryder Cup Website:** Swansea Technium - based Digital Media Company S8080 has won the prestigious contract to design and produce the website for the 2010 Ryder Cup. It stands to be an important tool not just in terms of the Ryder Cup but also in promoting Wales as a tourist, business and leisure destination. The website will be the online home of the partnership formed to hold the competition and maximise its benefits and which includes the WDA, WTB, the Sports Council for Wales, Newport City Council, Welsh Golf and the Celtic Manor Resort. There is already an incredible amount of interest in the 2010 Ryder Cup coming to Wales - that interest can only grow as we approach 2010.
8. **Wales Tourist Board:** Has recently granted a £150,000 contract to marketing agency Designate, which itself has recently established an office in Wales, to promote Wales as a tourist destination. The marketing drive will showcase select attractions online through a specially designed website - 'Wales in Style'.
9. **Snowdonia Summit Visitor Centre:** Has received full Objective 1 approval with £4.216m ERDF committed to the project; the total project cost is £8.35m. The new building is designed to have minimal environmental impact and will provide a visitor experience comparable with the unique and special qualities of its location.
10. **Cruise Ports:** Swansea and Port of Mostyn are to become cruise ports with regular sailings to North Africa and the Mediterranean, after being added to Travelscope's portfolio. The introduction of Welsh Ports is part of a growing shift in the expanding cruise market.

Improving Transport

11. **A494 Road Improvement:** Road builder McAlpine is poised to take forward the £49 million scheme to improve the A494. The investment is a vital link in upgrading the A55 and A494/A550 and will help relieve bottlenecks and reduce accidents on one of the most congested roads in North Wales. Work is due to start in the spring of 2007 and will take around 30 months to complete. However McAlpine could face a public inquiry and a delay if there are objections.

Promoting ICT

12. **Broadband Wales Schools Resource:** I launched the Broadband Wales Schools Resource pack with my colleague Jane Davidson, the Minister for Education and Lifelong Learning. The packs have been designed to promote the benefits broadband brings to our schools and contain a series of curriculum-focused lesson plans that make use of this innovative technology. The packs have been delivered to approximately 1500 Primary Schools across the country.

Supporting Business

13. Airbus: On 26th January I visited Airbus Broughton to welcome the latest expansion of what has become an internationally renowned centre of manufacturing excellence. This expansion is being backed by a £5.1 million Assembly Government RSA Grant and will assist the company in creating an extra 650 jobs to help meet an increase in production volumes. Airbus is one of our standout world class, innovative companies operating at the cutting edge of the global economy. Our financial support for this investment coupled with its status as a client of the recently launched Knowledge Bank for Business shows the extent of our commitment to supporting the continued development and growth of Airbus in Wales.

14. Defence Aviation Repair Agency (DARA): EDT Committee Members will be aware of my statement to plenary on 24th January concerning DARA St Athan. In my statement I made clear that the recent report on Project Red Dragon undertaken by the House of Commons Defence Select Committee vindicates the concerted Team Wales activity we have undertaken to support and to promote the world class facilities and workforce at DARA St Athan.

15. The Select Committee Report not only confirms our view that the MoD's decision to close DARA St Athan in 2007 was wrong, it also proves right our decision to acquire the facility from the MoD. Had we not done this there is every chance that a state of the art facility and an extremely skilled workforce would have been lost. There is every reason to feel confident about the future of the St Athan site. Internationally recognised aerospace companies like ATC Lasham and TES Aviation Group have already been attracted, enquiries from potential occupiers are being received, and we continue to be in discussion with a number of potential operators. Furthermore, the ownership of St. Athan is pivotal to the strong Welsh bid to bring the Defence Training Review contract to St Athan. None of this would have been possible without the foresight and commitment it took to acquire the site.

16. Financial Services Sector: On the 12th January the First Minister and I hosted a lunch for leading representatives of the Financial Services Industry. It provided a good opportunity to meet with a select group of senior figures and key decision-makers with a significant interest or influence on the growth of the Financial Services Industry in Wales. The comprehensive mix of expertise and knowledge around the table from the world of Investment, Corporate, and Retail Banking, Insurance Services, Asset Finance and Management and Securities Trading provided a real insight into the views, business trends, issues, aspirations and emerging opportunities within the global Financial Services market.

17. Castlegate Business Park: Robert Hitchins, the development company behind the 117-acre business park in Caldicot is confident the development could create up to 500 jobs. Newport Networks is the latest company to lease space on the site. The provision of quality commercial accommodation at affordable costs is vital not only to enabling existing companies to grow but also in attracting new companies to Wales. The confidence that a pioneering firm like Newport Networks is showing in the Park should help others to do likewise.

18. Raytheon Systems Ltd: The electronic systems company which has a factory at Broughton has won a multi-million pound contract for the supply and installation of an air traffic control radar system for

Liverpool John Lennon Airport. The company designs, develops and manufactures a range of high technology commercial and defence electronics systems and is an important component of the aerospace hub that is developing in North Wales.

19. Protherics: The West Wales based company has secured a multi million pound licensing deal with AstraZeneca to develop a new drug to combat septic infections which could lead to further expansion of the company. Protherics is an example of the kind of innovative, knowledge based, high skilled company vital to the future of Wales - we are committed to helping such companies succeed. Only last year Protherics expanded its production and safeguarded 65 jobs thanks to an £800,000 Assembly Government RSA grant.

20. Sutherland Trading: Support from Wales Trade International's highly successful export assist initiative has helped the Caerphilly based company secure a six-figure export order from Germany. The company that distributes musical instruments has already enjoyed some success in branching out into France, Belgium and Holland, and is now looking to exploit trading opportunities in Eastern European markets.

Latest Structural Fund Figures (December 2005):

21. Overall: £1.46 billion has been committed to 2,655 projects, representing some £3.5 billion of total project investment in Wales. 37% of match funding has been provided by the private sector. It is estimated that some 129,000 gross jobs have been created and safeguarded as a result of the Structural Fund Programmes.

22. Objective 1: £1.2 billion has been committed to 1,622 projects, representing over £2.98 billion of total project investment in West Wales and the Valleys. It is estimated that some 115,500 gross jobs have been created and safeguarded, over 322,000 beneficiaries assisted and over 9,000 SMEs created as a result of the Objective 1 Programme.

Setting a Fresh Direction

23. Senior Appointment: Roger Pride, currently with the Wales Tourist Board is the latest senior recruit to new EDT. Roger will take up the position of Director of Marketing within new EDT. This vitally important strategic role will oversee the marketing activities across the whole of EDT.

24. Heads of the Valleys Programme: On 19th January I visited Torfaen County Borough Council to meet with local councillors and other organisations to discuss the Heads of the Valleys Programme. I am very keen to engage with as many different stakeholders as possible and I took the opportunity to talk about Torfaen's role and place in the concerted approach to social and economic regeneration that the investment in the Heads of the Valleys Programme represents.

25. UK Government Energy Review: On Monday 23rd January the UK Government published for

consultation its Energy Review "Our Energy Challenge". The consultation is open until 14 April 2006. The Review has broad scope and will examine all aspects of energy supply and demand focussing on the medium and long term.

26. We have had the opportunity to comment on a draft of the Energy Review consultation document and will continue to contribute to the debate. We were pleased to see that there is a strong emphasis on the role for clean coal as a major strand in energy generation. The Assembly Government's policy intentions are covered in the Energy Wales Route Map. DTI intend to hold a series of nationwide seminars. A Welsh seminar is planned to be held in Cardiff in late February.

Jobs & Investment News

Job Gains / Safeguarded

27. Ensinger: On 14th January German engineering company Ensinger opened its new £5 million UK Headquarters at Tonyrefail. The company manufactures engineering and high performance plastics for a very wide range of applications and has operations across the globe in mainland Europe, the US, South America and Asia. The Tonyrefail site already employs 100 but this fresh investment will create 48 new jobs. It's also a further sign of the confidence displayed in the Welsh economy and the high calibre of our workforce.

28. EADS Defence Security Systems: The Newport based company, part of the Atlas Consortium has won a £150 million contract securing 100 jobs, thanks to its successful bid to develop the £2.3 billion Defence Information Infrastructure (DII). This will help put Newport and Wales on the map as a world centre for defence communications. It represents excellent news as major companies like EADS are not only magnets for spin off enterprises but are also crucial to the provision of high quality employment opportunities. The success of the bid is a clear demonstration of the effective partnership between the Assembly Government, our 'Team Wales' partners and the private sector.

29. Days Healthcare Limited: The Bridgend based company, with the support of an Assembly Government RSA grant is to make a £3.65 million investment in establishing its European Headquarters on the Bridgend Industrial Estate. The move is expected to safeguard 108 existing jobs and create 30 new posts over the next 2-3 years. .

30. Steinhoff UK Upholstery Ltd: The furniture maker supported by an Assembly Government RSA grant plans a total investment of £3.2million, creating between 120 and 150 new jobs in Bridgend. The company intends to re-establish the design and development element of the former Pendragon furniture operation and manufacturing in the former Pendragon factory at Bridgend Industrial Estate.

31. Astra Games: The company that designs and manufactures amusement machines for the UK and international markets has announced plans to move into larger premises on the Bridgend Industrial Estate. The move supported by an Assembly Government RSA grant will create an additional 50 jobs.

32. Nant: The Caernafon based TV production company responsible for a significant proportion of S4C's peak time output has opened an office in Cardiff creating 28 jobs. The creative industries sector is extremely important to Wales and I am delighted that Nant has now established a presence in South Wales.

Job Losses

33. BOS Automotive Products UK: The company has announced the loss of 140 jobs at its Wrexham plant. The company that manufactures automotive accessories and supplies companies such as Land Rover, Jaguar and Toyota has blamed increasing competition from foreign imports and the loss of work for Vauxhall Luton and MG Rover for the losses.

34. British Gas: As part of a company reorganisation British Gas is to introduce a new computerised billing system that will reduce the need for administration and data processing staff - affecting some 160 jobs in Cardiff. A proportion of these jobs will be outsourced to India, however of the people employed for data processing in Cardiff, all those who wish to be, will be re-deployed into the British Gas contact centres.

Annex A

EDTC Action Outstanding

EDT(2) 13-05, 20 October, 2005

Economic Development and Transport Minister agreed to provide Members with a note of reconciliation on the operational running costs of the WDA (Item 2).

A breakdown of the WDA's operational costs for 05/06 is as follows:

| | £m |
|--|------|
| GIA funded operational running costs | 12.8 |
| Additional operational running costs funded from ring fenced budgets | 1.9 |
| Land Division's self financing operational running costs | 4.4 |
| European funded operational staff costs | 5.4 |
| Total | 24.5 |

EDT(2) 16-05, 8 December, 2005

The WDA agreed to provide the committee with a technical note on the possible options for the pension scheme of the ASPB merger (Item 3).

The Joint Negotiating Forum is committed to ensuring that ASPB employees do not suffer a detriment to their existing pension arrangements as a result of the merger. We are therefore seeking - through discussions with the various pension scheme administrators - to retain staff in their existing pension schemes post-merger.

In addition, WDA and WTB staff will be provided with independent financial advice on the implications of joining the Civil Service Pension Scheme for their future service in the merged organisation. We are in discussions with the relevant pension scheme administrators on how the previous service of WDA and WTB staff would be affected in these instances. ELWa and ACCAC staff are already members of the Civil Service Pension Scheme.

Further information on the future pension arrangements for WDA and WTB staff will be circulated shortly.

Economic Development and Transport Minister agreed to provide the Committee with a full breakdown of key performance indicators (Item 3).

This is work in progress as part of the merger programme. There has been active engagement with external stakeholders over recent months to share

thinking. In addition, a considerable amount of detailed analytical work is required across the merging bodies, as there is a wide range of different performance indicators. This work is underway and will be informed by the recommendations of the EDT Healthcheck. Once this work has been developed, the key performance indicators will be provided to the Committee

Economic Development and Transport Minister agreed to update the Committee on the effect that the delay of Scarweather sands will have in its current licences and permissions (Item 4).

On the 16 November 2005 I reported that E..On UK, the developers behind the Scarweather Sands Offshore Windfarm, were likely to start the construction of the foundations in Spring 2008.

The developer had sought an order through the Transport and Works Act 1992 and additionally requires a licence under the Food and Environment Protection Act 1995 (FEPA) before it can be built

The application for the FEPA licence is still being considered and the delay will not affect its consideration.

The Scarweather Sands Offshore Windfarm Order was made, under the 1992 Act, on 16 November

2004. The Order came into force on the 19 November 2004. There will be no effect on the Order itself as a result of the delay. The Order is made in the form of a statutory instrument and cannot be amended or repealed without a further order.

The decision to make the order included power for the National Assembly to make a direction granting deemed planning permission for the onshore works (such as the electricity substation). The direction was dated 15 August 2005. In the direction, the time-related condition attached to the deemed planning permission is:

The development shall be commenced either before the expiration of five years from the date the Order comes into force [that is, by 19 November 2009], or before the expiration of three years from the date of the approval of the last of the reserved matters to be approved, whichever is the later.

The deemed planning permission contains the following reference to the approval of reserved matters:

Approval of the details of the design and external appearance of the substation and the supporting poles forming part of Work No 4 and the siting of those poles (hereinafter called "the reserved matters") shall be obtained from the local planning authority in writing before any of the development is commenced.

There is also, within the order, a time limit on exercising powers of acquisition of land to facilitate the exercise of the deemed planning permission in the following terms:-

"Time limit for exercise of powers of acquisition

1.— The powers conferred by this Order to acquire land or rights over land compulsorily, and the power conferred by article 21 to enter upon and take temporary possession of land, cease at the end of the period of 5 years beginning on the day on which this Order comes into force.

(2) Paragraph (1) does not prevent the undertaker remaining in possession of land in accordance with article 21 after the end of that period, if the land was entered and possession of it was taken before the end of that period."

Therefore if the construction does commence by the spring of 2008 the deemed planning permission will not have lapsed and nor will the power to acquire land for that purpose have expired. There is no time limit on the construction of the wind turbines offshore so, provided that the ancillary acquisition of land and associated No 3 works are commenced within their respective time limits, the turbines themselves can be constructed at any time.

EDT(2) 02-06, 11 January, 2006

Economic Development and Transport Minister agreed to provide a note to the Committee on the flight times and destination airport of the air service between Cardiff and Brussels (Item 2).

The flights are scheduled to leave Cardiff at 07.30 and 18.50 on Monday to Friday and 18.50 on Sunday. They depart Brussels at 10.00 and 21.50 on Monday to Friday and 21.50 on Sunday. They use Brussels International Airport at Zaventem

Economic Development and Transport Minister agreed to provide a note to the Committee on Civil Service posts in Wales in the context of the Lyons Review (Item 2).

In 2003 the Chancellor and Deputy Prime Minister commissioned Sir Michael Lyons to undertake a study into the scope for relocating a substantial number of public sector jobs out of London and the South East to other parts of the UK. Other important reviews linked into Lyons, including the Gershon efficiency review and the O'Donnell review into the merger of the Inland Revenue and Customs and Excise.

Lyons and Gershon reviews were seen as an excellent opportunity for Wales to win more public service jobs providing secure, good quality and sustainable employment and a joint Assembly Government/WDA project team was established to present the case for Wales and identify potential opportunities. The team works closely with local authorities and private sector to ensure a 'joined up' approach. There is an on-going programme of events/seminars to promote Wales as a location.

Successes to date include:

- ONS relocating 600 posts from London to Newport
- HMPrison Service has chosen Newport as the location for a shared service centre which could create up to 500 jobs
- The Department of Transport is setting up a shared service centre of the DVLA site in Swansea.
- The Department of Work and Pensions relocated 551 posts to Wrexham

It is accepted that as a result of the Lyons and Gershon reviews there are going to be a large number of civil service posts moved and lost nationally, and some of these losses are bound to impact on Wales. We are looking at the requirements of departments that might be considering a move to Wales together with relocation/rationalisation plans of existing departments in Wales, to see if there are opportunities for staff to be redeployed, or surplus accommodation taken up.

Economic Development and Transport Minister agreed to provide a paper to the Committee on energy costs for companies (Item 2).

Background

This issue has gained in prominence over recent months. It was one of the chief themes of the Energy Summit, chaired by the First Minister and myself in December, which clearly established that heavy energy users in Wales, and the rest of the UK, currently face a serious competitive disadvantage

compared to many EU countries in terms of energy costs. Wales has a proportionally higher percentage of high intensity energy using industry than the rest of the UK.

Energy has to be competitively priced and fossil fuels are subject to price fluctuations on the world market. Around 38% of the UK's electricity is generated by gas-fired power stations. Therefore increased gas prices effect the cost of electricity. Two years ago, when the UK was self sufficient in gas, the price of energy was low and generating capacity was being mothballed. Now energy prices are high and companies advise that they are at a competitive disadvantage.

Analysis

Energy prices have risen world wide and the price of gas is linked to that of oil. The reason for the current tightness of the gas market, and high prices, is that indigenous production from the North Sea has declined quicker than many experts predicted (we became a net importer at the end of 2004). New import infrastructure, such as the Milford Haven LNG projects, and additional storage capacity is not yet in place. Demand for gas is currently being met by deliveries from the UKCS (The North Sea), the interconnector, imports through Isle of Grain and storage. We are also seeing a reduction in demand from gas-fired power stations and some large industrial users of gas in response to increased prices.

It is only under extreme weather scenario that the possibility of severe shortages for non-domestic users may arise. National Grid has stressed under all credible scenarios the market will be able to maintain energy supplies to domestic consumers, smaller businesses and organisations during the winter.

In extreme winter conditions there are things the market will do to ease the situation:

- Switch from gas electricity generation to coal generation
- Mothballed plant has been returned to service
- Big users can reduce their energy demand and sell gas back into the grid (this makes commercial sense and has happened in the past and happens regularly in other countries).

Interruptible gas supply contracts have existed for many years and were most recently used in the UK in Summer 2003. Elsewhere in Europe, contracts were interrupted in France, Italy and Spain in March of last year on a forcible basis – there being no option of voluntary demand restraint.

In terms of the North Sea decline – up to the end of 2004, the oil & gas industry produced around 34.5 billion barrels of oil equivalent in the UK,. Around 22-28 billion are thought to be remaining.

The interconnector, which supplies gas from Europe is working and delivering more gas to the UK than in previous years. However, with higher prices, it should be providing more gas. The lack of liberalised energy markets in the rest of Europe is the major problem. This is restricting the free flow of gas to the UK. Gas production was 5.5% lower in 2nd quarter of 2005 than the same period in 2004. Gas imports increased by 53% while gas exports declined by 26%. Total gas demand was 2% higher than a year

earlier.

Energy markets in the UK remain amongst the most competitive in the EU, regrettably other EU states have not embraced liberalisation to the same extent. The Commission has published two reports on the state of the internal market which are welcomed and will be an important help in sorting this problem and ensuring that Europe creates a long term, sustainable energy policy.

Conclusion

Industrial gas prices have increased but we are still around or below the EU average.. Gas prices have been rising across Europe partly because of the link with oil prices, which have also been rising.

UK spot prices have been more volatile and higher recently because of the historically tight supply/demand balance this winter. Gas has had to be delivered from higher cost sources, such as LNG (Isle of Grain), and the tight supply situation has also put a premium on the value of gas in storage. This has had a significant impact on energy-intensive users such as the chemicals and steel industries who tend to buy gas on the spot market.

A large proportion of industry, and essentially all domestic customers, contract to buy their gas at fixed prices which, at the time of the latest official statistics in October 2005, were still below average prices in Europe. However, a number of businesses have switched to variable or floating contracts which are linked to the spot price. Also, prices offered for fixed price contracts have increased since October. Even now prices for domestic gas customers have only just returned to the levels they were in 1997 in real terms.

Industry has reacted by, returning mothballed power plant, such as Uskmouth, into service and is working with Ofgem's to help ensure managed demand-side response if necessary. Whilst the market has anticipated reduced supply, there are long lead times for major supply side infrastructure projects which help balance supply and demand.

DTI has set up the Gas Prices Working Group at which Welsh heavy industrial interests are represented. It has produced a list of short to medium term actions to address the

- maximising gas supplies from the North Sea, storage and imports
- ensuring the interconnector import capacity is fully utilised
- improving the functioning of the market
- pursuing energy market liberalisation in the EU.

Although there may be no immediate solution to the problems faced by Welsh industry as a result of increasing energy prices, in the longer term the completion of the LNG facilities at Milford Haven and several new gas-fired power stations should improve the situation.

The market tightness should ease over the next 2-4 years, as very significant amounts of new import infrastructure (pipelines and LNG terminals) are delivered by the private sector comprising:-

- the new LNG terminal in the Thames Estuary – Isle of Grain
- doubling the capacity of the Belgium-GB interconnector
- more capacity in the Rough offshore gas storage facility
- a new offshore gas storage facility at Humbly Grove
- new pipelines from Norway and the Netherlands (potential import capability of 35% of annual UK gas consumption)
- the two major LNG import terminals at Milford Haven (30% of annual UK consumption)
- Ten gas storage facilities across the UK.

This should reduce upward pressure on prices.

Economic Development and Transport Minister agreed to provide a note to the Committee on the timescale of the wider roll out of pilot schemes referred to in WAVE (Item 3).

Pathways to Work

The selection for the initial DWP Pathways to Work pilots was based on those areas with some of the highest numbers of incapacity benefit claimants, and where the new Jobcentre Plus services were available. The planned roll-out of Pathways, which is due to be completed in October 2006, is based on similar criteria. In Wales this will be in the new South West Wales Jobcentre Plus District, covering Carmarthenshire, Ceredigion, Neath Port Talbot, Pembrokeshire and Swansea from April 2006; and the new South Wales Valleys Jobcentre Plus District, which as well as including the current pilot area of Bridgend and Rhondda Cynon Taf, will also cover Blaenau Gwent, Caerphilly and Merthyr Tydfil from October 2006.

DWP are proposing a further phase of Pathways to Work programmes across the UK, and this is subject to consultation in DWP's IB Reform Green Paper, "A new deal for welfare: Empowering people to work" which was published on the 24th January 2006.

"WANT2WORK"

The joint Welsh Assembly Government, Jobcentre Plus and ELWa initiative, 'Want2Work' is part funded through European Structural Funds and aimed at helping economically inactive people to find and keep a job. The initial selection for project locations – in Cardiff, Merthyr Tydfil and Neath Port Talbot - was based on local authority areas with high levels of economic inactivity. A fourth project is now underway in North Wales and delivery will initially take place in the West and South West wards of Rhyl with the likelihood of extending to other wards in the future. The local Jobcentre Plus Delivery Manager is currently working with a range of partner organisations to raise awareness of the initiative and forge active links with other community based projects.

Economic Development and Transport Minister agreed to circulate a note to Members on the criteria used for choosing the companies involved in the Knowledge Bank for Business (Item 3).

Link to copy of revised eligibility criteria against which the Knowledge Bank for Business will assess new clients sent to all AMs 18 January (link below).

[http://www.information.wales.gov.uk/content/decisionreports/business/sectors/knowledge%20bank%20for%20business%20\(kb4b\).rtf](http://www.information.wales.gov.uk/content/decisionreports/business/sectors/knowledge%20bank%20for%20business%20(kb4b).rtf)