

EIN(2) 08-06(p1)

Enterprise, Innovation and Networks Committee

Date: 18 October 2006

Venue: Committee Room 3, Senedd, Cardiff Bay

Title: Report from the Minister for Enterprise, Innovation and Networks

Supporting Enterprise

1. EU Structural Fund Progress at 31 August 2006: Structural Funds have committed ?1.58 billion to 2,791 projects, representing some ?3.8 billion of total project investment in Wales. Objective 1 has committed some ?1.35 billion grant to 1,711 projects, representing around ?3.2 billion of total project investment in West Wales and the Valleys, creating and safeguarding thousands of jobs.

2. Contract of Confidence: Wales is the first nation within the EU to receive permission to audit our own EU funded programmes. The first Contract of Confidence was signed by Commissioner Hubner in Warsaw on 2 October, witnessed by auditors from across the Union. This means that there will be a reduction in the direct audit burden from the Commission on ERDF programmes, until 2008, as the Commission is satisfied with the quality of systems within WEFO and with the quality of audit work undertaken by the Assembly Government's Internal Audit Service.

3. Convergence Programme - Strategic Frameworks: Further information on proposals for Strategic Frameworks were presented to the Post 2006 External Stakeholders Group on 28th September, and have since been placed on the WEFO website, with comments invited by 31 October. The aim is to strengthen the strategic delivery of the new Convergence programmes through a number of thematic and spatial frameworks closely aligned to the themes identified in the Convergence consultation documents. Frameworks are intended to be planning rather than financial instruments, and projects with a common purpose will be linked to relevant frameworks.

4. Consultation on Convergence Programme: The consultation on the 2007-2013 Convergence Programme ended on 6 October and analysis of responses will commence shortly. In addition to the formal consultation responses, views have been gathered at four major consultation events that took place across West Wales and the Valleys. Events have taken place in Carmarthen, Aberystwyth, Tredegar and Llandudno; all have provided positive and useful feedback. The consultation document was also discussed at the European and External Affairs Committee on 2nd October.

5. Heads of the Valleys Strategy: Members will be aware that on 26th September I presented the Head's of the Valleys Strategy to plenary. This 15-year strategy, accompanied with a 3-year plan of action will ensure better strategic use is made of the ?1 billion annual public sector spend in the area.

6. Community Times Franchise: The UK wide franchise which began in Swansea just nine months

ago has exceeded all of its targets and resulted in scores of new business start ups throughout the UK. The company offers people the opportunity to own and operate their own online business directory and magazine. By March 2007 it anticipates further growth will see it have over 160 franchises, making Community Times the largest monthly magazine by circulation in the UK. Staggering growth for a company launched just 9 months ago. The venture demonstrates the success of the Assembly Investment Grant in supporting new businesses. It has not only created new jobs locally, and provided new business for a Welsh printing company, but, has also helped foster a culture of enterprise and helped create new start up businesses throughout the UK.

7. Cross Hands Food Park: The ?2.8 million project to build 8 new units on Cross Hands Food Park with the capacity to accommodate 70 jobs is nearing completion. The 45-acre park has been developed in partnership by the Assembly Government and Carmarthenshire County Council and is already the base for a new ?32 million state of the art food processing plant for The Dawn Group.

8. Mid Wales Manufacturing Group (MWMG) Annual Conference: On 27th September I addressed the MWMG Conference in Llanellwedd, Powys. I emphasised to delegates that there is every reason to have confidence in a global future for Welsh manufacturing. Despite the challenge of low cost competition, Welsh manufacturing continues to be an important driver of our economy with a smaller percentage reduction in manufacturing jobs since 1999 in Wales than in any other part of the UK.

9. Green Light Products: The UK's most successful supplier of biodegradable packing has moved its HQ to Wales. The company is to occupy a 14,000 Sq. ft plant at the Capital Business Park in Cardiff with room for further expansion as it continues to increase its international order base. The company has stated that access to a skilled workforce and good infrastructure were key to its decision to locate in Wales.

10. 'Sell 2 Wales' Website: Over 150 public sector organisations have now registered on the site and an average of 100 new notices posted every month. There are now very significant opportunities for Welsh industry through the site. In the first 5 months of this financial year ?1 billion worth of contracts has been advertised on the site.

11. Local Supplier Development Project: The Local Supplier Development Project is progressing well in North West Wales with a number of events planned over the next few months including 'How to Tender' workshops, business speed networking and a workshop aimed at social enterprises. Discussions have started with Wylfa Power Station as to how local SMEs can benefit from the decommissioning work.

12. Ebbw Vale ex-Servicemen's Club, Blaenau Gwent: The Assembly Government has helped with the upgrade of the club's facilities. The regeneration works will help to ensure the long term prosperity of the club, safeguarding 28 jobs and creating 2 new part-time positions. The total cost of external works will exceed ?393,000 with Assembly Government assistance of ?314,480. Because of these developments the club will be able to offer outdoor facilities, overlooking the development on the former Ebbw Vale Steelworks site.

13. Telynau Teifi: The Llandysul based harp manufacturer, with the support of the Assembly

Government backed Manufacturing Advisory services (MAS) Wales, has become a commercially viable venture after successfully increasing production. The company has itself praised MAS for assisting it to keep at the forefront of technological innovation. Objective 1 funds of ?0.78 million has been committed to the venture.

14. Peterevans: I recently opened the company's new offices in Cardiff. They are now one of the UK's leading independent software providers for the financial services sector. The company's systems already handle more than 20% of all the retail trade executed on the London Stock Exchange. Cardiff is now the centre for the firm's software design, customer service, product maintenance and research and development work.

15. Dilwyn Roberts Architects: The Mid Wales based architectural practice is expanding into new offices at Aberystwyth Science Park. The move is being supported through an Objective 1 Property Development Grant. This fresh investment is a sign of the continued growth of Aberystwyth as an important regional centre.

16. Royal Aeronautical Society Conference (RASC): On 26th September I addressed the RASC at the Wales Millenium Centre. I was delighted to welcolme this year's conference to Wales. In my speech I outlined the key role the aerospace sector is playing in delivering a strong, knowledge driven economy in Wales, not least through world class companies like Airbus, GE Wales, and the UAV Centre of Excellence at ParcAberporth.

Promoting Innovation

17. Innovation through Collaboration in Automotive Manufacturing: The research programme geared to help Welsh automotive component manufacturers to tap into the lucrative European after sales market for vehicle parts was launched on 3rd October. The programme is led by Cardiff University's Innovative Manufacturing Research Centre and is backed by the Assembly Government supported Wales Accelerate Programme and the Welsh Automotive Forum.

18. Knowledge Exploitation Fund (KEF): Recent developments include: -

- University of Wales, Aberystwyth Collaborative Industrial Research Project (CIRP) on plant derived antimicrobial activities using hydroponics, has resulted in a potential license opportunity, a further CIRP project and 2 companies undertaking a DEFRA project with IGER;
- Development of a supply chain for exploitation of optoelectronic thin film chemistry, University of Wales Bangor CIRP, has provided one company with a new product and increased sales and provided another with a new process. This has also attracted funding from the UK astronomy technology centre (UK ATC);
- Intelligent Radio - fibre telematics scout (IRIS) University of Wales, Swansea CIRP has secured further funding of ?1.5 million in the DTI project WISDOM and is carried out in collaboration with four companies;

- Cardiff University patent and proof of concept project Novel Chemotherapeutic Agents for cancer has spun out a company, and their license with another company has created a new CIRP project with two additional companies. It has also set up a LRAW funded studentship.

19. SMARTCymru: To fall in with the 3rd Anniversary of SMARTCymru two editorials were published in the Western Mail highlighting a handful of the programme's good news stories. The Daily Post will publish similar articles over the coming weeks. Recent developments also include: -

- International Rectifier in Newport has been awarded a ?1 million SMARTCymru grant to research and develop the next generation of pioneering Power IC devices;
- YTD SMARTCymru has supported a most impressive 65 projects, equalling the total number of projects supported over the whole of the last financial year;

20. Technium: The Institute of Life Sciences building in Swansea is scheduled for completion in March 2007. A significant pipeline of enquiries is already being established. Further developments on the Technium front include Technium Director Steve Davies being invited to speak at the Shanghai incubation conference during the October trade mission to China. Technium Centres have gripped the attention of international audiences and this conference will be a very good opportunity to raise awareness for Technium Challenge and promote Technium as a result of the First Minister's recent visit to Chongqing.

21. Centres of Excellence for Technology and Industrial Collaboration (CETICs): Five Centres of Excellence are signed up to attend Medica 2006 in partnership with International Business Wales to promote Welsh academic excellence in medical and healthcare technologies. Furthermore, the NEXUS Bioscience brochure showcasing high-end research excellence has been produced for launch at BioPartnering Europe on 4 October 2006 and will be promoted at Medica 2006.

22. Know How Wales (KHW): KHW has facilitated a graduate sponsorship scheme developed between the financial group Moneysupermarket.com of Flintshire and Liverpool University. The initiative provides ?5000 for potential first/upper second class students in computing science during their final year. Each student would be offered guaranteed employment with a detailed training plan, career structure and a ?3000 "golden hello" in the first month's salary. This scheme will now be replicated and offered to all UK universities within high calibre computing science departments. NEWI is taking up the scheme.

23. Innovation Awards 2006: In an event that forms part of InnovationWorks, a campaign to promote the Assembly Government's Innovation Action Plan, more than 80 of the most technologically innovative ideas devised by Welsh Joint Education Committee (WJEC) 'A' Level and GCSE Design and Technology students over the past 12 months were showcased in September at UWIC in Cardiff. It attracted over 1500 students, teachers and invited guests from all over Wales and some parts of England. All of the projects will be displayed at the North Wales Conference Centre in Llandudno on 16th and 17th October. The winning entries, and those designs considered to be outstanding, will also be showcased at the British Invention show in London next month and the NEC in November. My

cabinet colleague Jane Davidson, Minister for Education, Lifelong Learning and Skills, attended the event in Cardiff and announced the winners.

24. Design Wales: Will be hosting the next European Partnership meeting into Government support for SMEs in the field of design in Italy later this month.

25. E-business: The ICT Advisory Service Editorial Campaign has been running to highlight the benefits to businesses of working with the ICT Advisory Service. This has taken the form of case studies and an editorial being submitted to all 44 newspapers across Wales, with a supporting Direct Mailing campaign. The Peardrop Project (Digital Business Ecosystems) held its kick off meeting recently in Brussels. Wales is a key partner in the delivery of this European Union work package. This project will run for the next 2 years and a guide and toolkit on digital business ecosystems will be produced.

26. @Wales Digital Media Initiative, Cardiff Bay: Is the first in the UK to receive the international accreditation for its work – one of just eight business incubators from around the world to receive such a distinction. The National Business Incubation Association, global leader in incubation best practices, has awarded the NBIA Soft Landings International Incubator designation to the Cardiff-based @Wales, an initiative which helps to accelerate the growth of early stage Welsh new media and technology businesses throughout Wales.

27. Inetec Limited, Bridgend: Northern Foods the company behind Goodfella's Pizzas and other ready meals has joined forces to develop a power station that will turn waste into electricity. Northern, along with Fellow food companies Greencore and Greggs, will provide both food and packaging waste to Inetec, which has developed the technology to enable the process to happen. Inetec, which was set up nine years ago, has received financial backing from the investment arm of the Assembly Government as well as two venture capital funds, Oxford Capital Partners and Foursome, an ethical investor.

28. Carbon Trust in Wales (CTW): In 2005-06 CTW has helped Welsh business and public sector identify annual potential cost savings in the order of ?21 million equating to 263,000 tonnes of CO2 emissions. Of savings identified in 2004-05 Welsh organisations have implemented annual savings in the region of ?5.123 million equating to 81,283 tonnes of CO2 emissions. CTW have committed ? 1,000,000 to research, development and demonstration projects to help to develop the emerging low carbon technology sector.

Investing in Networks

29. SA 1 Gateway: On 1st October I opened the new SA1 Gateway in Swansea. The ?4.8 million Gateway project is a further milestone in the successful ?200 million regeneration programme on SA1 that is helping drive forward the continued transformation of Swansea as a dynamic and vibrant city.

30. Ebbw Vale Railway: On the 28th September track works began on the ?30 million project to provide hourly passenger services between Ebbw Vale and Cardiff. The start of the track works is a

key milestone in restoring a passenger rail link between these two communities that was severed in 1962. The project funded by the Assembly Government includes the construction of 6 new stations along the route and will act as an important catalyst in driving forward our economic and social renewal programmes across the South Wales valleys.

31. Rodney Parade, Newport: Plans for a major ?48million waterfront development designed to create a vibrant new riverside community at Newport's Rodney Parade have reached a key stage with the selection of a preferred developer. Following a competitive tendering process based principally on high quality design and sustainability criteria, the Assembly Government has selected George Wimpey South Wales as the preferred developer. The redevelopment of this seven-acre site is one of the keystones of the overall regeneration of Newport city centre and a vital piece of the jigsaw destined to revitalise and transform the city. George Wimpey propose approximately 480 one and two bedroom homes in buildings ranging from four to fourteen storeys and traditional houses. New affordable homes will also be incorporated in the scheme. It is anticipated that, subject to planning permission, work on the site will commence in the late Spring 2007, with the entire development taking some four years to complete.

32. TRAGO MILLS, Merthyr Tydfil: The Reclamation works successfully undertaken for the Trago Mills development in Merthyr Tydfil have been completed. The site which is approximately 120 acres (44 hectares) will accommodate a Trago Mills commercial development which will comprise of a superstore of 150,000 sq ft and associated warehouses, loading areas and car parking for 2,200 cars and associated leisure facilities bringing approximately, 350 jobs to the County Borough. The reclamation of the land has been undertaken to achieve the transformation of the former Brickworks site to create the store area and site roads, car parking, petrol filling station, boating lake, karting area which is expected to be built within 18 months. Grant funding for the project has been provided by the Assembly Government through its land reclamation programme.

33. Wrexham Civic Society Awards: Two Town Improvement Grant projects completed last year by the then WDA in Wrexham won awards at this years Wrexham Civic Society Awards event. York Court won the top award for Restoration and Refurbishment; Yales/Central Station won a commendation in the same category.

34. Tidal Energy Study: The Assembly Government is about to start work with the Sustainable Development Commission on its study of Tidal Power in the UK. A key aspect of the study will be the assessment of means of harnessing the tidal energy in the Severn Estuary; various options for a Severn barrage will be considered as well as non-barrage technologies such as lagoons and in-flow tidal devices. The environmental implications of the different technologies will be assessed along with economic aspects and public acceptability. Other participants in the SDC work relating to the Severn Estuary will be the DTI and the SW Regional Development Agency, with input from other Government Departments and environmental organisations. The results of the study are due to be published in May or June, with interim results available in March.

35. Regional Broadband Infrastructure Study (RIBS): By 22nd September 2006, as part of the RIBS project, a further 3 telephone exchanges in Wales have been upgraded to provide a broadband service. This means that approximately 660 additional businesses and residents have been given

access to broadband for the first time. A broadband "not-spot" implementation strategy has been developed and published as part of the implementation of the RIBS project. It outlines ways in which "not-spots" are identified and addressed. Two "not-spots" are currently being addressed. These are Bronwydd Arms and Pennial in Carmarthenshire.

36. Broadband Take Up: The Broadband Wales Programme has undertaken a survey of Wales to gauge the level of awareness and take-up of broadband. The research, which took place in July 2006, shows that penetration of broadband at speeds of 512 Kbps and upwards currently stands at 39%, a further increase from the 32% take-up figure reported earlier this year. These figures compare well with those reported by Ofcom in March 2006, who define broadband as any speed faster than 'dial-up'. Using this definition, Wales has a current take-up of 43% which equates to the UK figure quoted by Ofcom.

Visit Wales

37. Golf Guide and TV Advert: During my visit to the Ryder Cup I launched the new Wales Golf Guide and TV advert, 'Golf as it should be'. The TV advertisement was shot on the first tee at Royal Porthcawl Golf Club with the aid of a number of members and guests who don't take the game too seriously. 60,000 copies of the new brochure have been printed which includes a feature by Wales' Golf Ambassador and Ryder Cup Captain, Ian Woosnam, who also takes part in the film. Another contributor of note is Tom Ross, an American banker who was introduced to Wales in 2003 and fell in love with its people, its courses and its greenness.

38. Pre-Ryder Cup activity: Prior to the Ryder Cup in Ireland (16-21 September) US and Canadian journalists and tour operators came to Wales to see what the country has to offer the golfing visitor. Haversham & Baker, a US Golf Tour operator and member of Visit Wales' US Tour Operator Advisory Board will brought in 30 US golfers to play in Wales.

39. Tourism Advisory Panel (TAP): It is with great regret that I have accepted Keith Brooks' resignation as Chair of the TAP and ex officio membership of the Ministerial Advisory Group and the Board of VisitBritain. Keith has made it clear that his resignation is purely for personal and private reasons. I will keep the Committee informed of arrangements for appointing his successor.

40. View of Wales/ Fishing Wales: An article written by Alice Beer for Visit Wales' 'View of Wales' magazine was bought by the Mail on Sunday and appeared in the paper in September. Cerys Matthews has also written an article for the forthcoming Fishing Wales guide and website on shark fishing in Pembrokeshire, this also appeared in the Observer on the 1 October.

41. Venue Cymru, Llandudno: Work is now near completion on the ?10m upgrade and extension of the North Wales Theatre and Conference Centre, now renamed Venue Cymru. This was supported by a ?500k tourism grant. A new retail park is also shortly to open, emphasising that this is period of significant growth and change for the town.

42. Newport (Pembrokeshire) Golf Course: Work is underway on the construction of a 36 bedroom on course accommodation unit (and clubhouse upgrade), supported by ?475,000 tourism investment.

This together with an extension of the course to 18 holes will make both the course and its facilities amongst the best in Wales.

International Business Wales

43. Ryder Cup: On 21st and 22nd September I attended the Ryder Cup held at the K Club in Ireland. During an extremely busy two days I met with John O'Donoghue, the Irish Government Minister for Arts, Sport and Tourism, Noel Dempsey, Minister for Communications, and with those responsible for organising one of the most successful Ryder Cup's in recent years. I also had meetings with a significant number of potential investors in Wales. In addition, my officials from International Business Wales, Visit Wales, and representatives from Ryder Cup Wales Ltd developed a number of important networks that will serve us well in the build up to Ryder Cup Wales 2010.

Jobs Created / Safeguarded

44. Castell Howell Foods: Wales' largest independent food wholesaler is expanding and investing ? 4.4 million in a distribution centre to be built at Cross Hands Food Park. Construction of the new 50,000 sq. ft facility is being supported by the Assembly Government and will lead to the creation of 50 new jobs over the next 3 years. Castell Howell Foods is a significant employer and its expansion plans are excellent news for the rural economy as well as another important boost for the food park.

45. Thomson Financial Research: The Cardiff site is creating approximately 60 new jobs due to the expansion of its operation thanks to the creation of a new dataset of fixed income securities which is a growth market for the Company. Technical resource will remain in London but new analyst roles will be created in Cardiff through 2007 and early 2008.

46. Williams Medical Supplies: The UK's largest distributor of medical products to the primary care sector has moved into new offices on the Maerdy Industrial Estate in Rhymney. The move to the ?2 million purpose built new offices has been partly funded by an Assembly Government RSA grant. The company's commitment to its South Wales HQ will see it add 17 staff to its current team.

47. Tyregenics: 23 jobs are to be created through a ?4.1 million recycling plant at Baglan Bay. The venture brings together waste tyre business Credential Environmental with global gas company BOC Gases and Toronto based Field Turf Inc to create Tyregenics. As a Government we have made significant investments in recent years to improve the level of recycling, and it is hoped this latest development will act as a catalyst for similar innovative practical environmental business.

48. Inspired Gaming Group: The Internet based gaming machine software company is to create up to 190 jobs in Gwynedd. The company is to base its global network operations centre in Bangor, where it will focus on software development and remote solutions operations of existing machines at Technium CAST. The Assembly Government through Regional Selective Assistance is supporting the expansion.

49. Saffil Automotive: The company part of the Dyson Group, is investing ?1.5 million in new technology at their Holywell site. The investment has been supported via Regional Selective

Assistance. The company, which provides fibre mats for catalytic convertors, expect to create 29 jobs.

50. Aviza Technology: The Newport-based company is to invest ?6 million in an expansion programme. The company is a KB4B client and supplies high technology equipment to major producers of micro chips. More than 30 highly skilled jobs will be created and a further 50 safeguarded by the investment, which is backed by a ?1.2 million RSA grant from the Assembly Government.

Job Losses

51. Valewood Furniture Ltd, Bridgend: The manufacturer of furniture employing 75 has ceased trading following the news that one of its major customers has gone into administration. 'Team Wales' is actively seeking to assist all 75 employees in identifying alternative employment options.

52. Duracell, Wrexham: The company has announced the loss of 109 jobs at its Wrexham plant with complete closure expected by the end of summer 2007. Over the next 12 months, my officials will be keeping track of all developments and work with those affected by the closure to offer support via the Early Response to Redundancy Programme. They will also work closely with Wrexham County Borough Council and other agencies including Careers Wales and JobCentre Plus. Duracell are also providing support through the direct employee assistance programme and are also in the midst of setting up a dedicated training and job move centre.

53. Cooper Standard Automotive, Maesteg: The company has informed employees at its Automotive Sealing Systems manufacturing facility in Maesteg of its proposal to close the plant by December 2007. The Maesteg plant currently has 246 employees, but some further small reduction in this number is already planned before the end of this year, due to reduced customer demand. The proposal is a commercial decision representing a repositioning of Cooper Standard Automotive's manufacturing facilities within Europe in response to changes in customer demand.

54. Exide Batteries, Pontypool, Torfaen: As part of a cost cutting exercise the company has made 30 redundancies throughout the UK, of which 15 were made at Pontypool. However the management team remain upbeat about the future of the remaining 20 staff. The Assembly Government alongside other representatives from Business Eye, Torfaen Council, Careers Wales and the Job Centre Plus remain in contact with the company.

55. Solectron, Caerphilly: Due primarily to the relocation of a service/repair contract to a Solectron plant in S. E. Asia, the company has entered into a 30 day consultation period, with a view to downsizing it's workforce of 170 permanent positions by 41. The company hopes that this adjustment, together with constant efforts to improve operational efficiencies will help to stabilise the operation whilst it works to bring in new customers.

56. Zurich Financial Services, Cardiff: Has announced plans to shed 500 jobs in Newcastle, 140 in Portsmouth and 86 at its Cardiff operation following a group restructure. My officials are in contact with the company to discuss the situation and assess future implications for the Cardiff site.

57. St Davids Assemblies: The UK owned manufacturer of switches for the domestic and automotive sectors, employing some 70 people in St Davids, Pembrokeshire, has announced it is likely to close in Spring 2007. The causes are the combination of work being transferred to China, new manufacturing equipment failing to meet requirements and a shortfall in their order book.

Other Announcements

58. Voluntary Sector: This report provides an update on the impact of the meetings that I hold with representatives from the Voluntary Sector together with information on recent activity within the EIN portfolio involving the Voluntary Sector. My bi-annual meetings with the Voluntary sector provide a useful opportunity for representatives of voluntary and community organisations working in my portfolio areas to communicate with me directly and to raise the sector's views, concerns and ideas:-

Energy Policy Working Group

A notable outcome of my meetings with the voluntary sector has been the establishment of constructive and on-going dialogue between my officials and members of the my Department of Enterprise, Innovation & Networks, (DEIN) voluntary sector network regarding the contribution of NGO's and the not-for-profit sector towards Assembly Government energy policy. A series of meetings have been held to explore jointly the potential capacity of the voluntary sector to deliver Assembly Government policies on renewable energy, energy efficiency and conservation and the capacity of the Assembly Government to fund and facilitate this activity. These ongoing discussions will contribute to the finalisation of the Micro-generation Action Plan.

Forthcoming Issues

The merger has provided an opportunity to take a fresh look at how the voluntary sector can contribute to the work of the enlarged DEIN. I have asked policy leads within DEIN to arrange a series of themed meetings with representatives of the voluntary sector to explore further ways in which the sector can increase its contribution to the EIN portfolio. The meetings will examine current activity, barriers and opportunities, including the development of the Structural Funds strategic frameworks and will explore suggestions for new and innovative solutions. Assembly Government officials from other departments, where appropriate, will be invited to discuss themes (such as economic inactivity) which require a joined up approach.

Recent Activity Involving the Voluntary Sector

Heads of the Valleys Programme: The voluntary sector continues to play a major part in the Heads of the Valleys programme. There are over 3,000 voluntary sector organisations within the Heads of the Valleys area and the the Heads of the Valleys strategy, 'Turning Heads...', recognises the key role these organisations will play in devising local solutions to the issues that face the area.

North Wales Social Economy Network: A Social Economy Network involving the WCVA, local CVCs, and key social enterprises has been established to help develop the social economy in North Wales. The network, which is facilitated by DEIN north division, has recently commissioned a study

into the nature and value of the social economy in North Wales that will also explore the future support needs of the sector. DEIN is also in partnership with the Social Justice and Regeneration department funding a pilot social economy mentoring project in North Wales, in response to an agreed action within the Social Enterprise Action Plan for Wales.

Business Support

DEIN business support services, such as Business Eye, General Support for Business and Potentia are designed to ensure that voluntary sector businesses or organisations are able to secure relevant information and advice. These services can also help companies wishing to secure volunteers and can provide advice to companies which wish to engage with the voluntary sector. A growing number of social enterprises are also supported through other mainstream enterprise support. The Environmental Goods and Services Programme, for example, has provided support for a number of Social Enterprises working within the recycling and waste sector.

Annex 1

Action Outstanding

EIN(2) 01-06, 3 May, 2006

EIN Minister agreed to keep the Committee informed of any developments and amendments to the bill (Item 4).

At the last meeting, I confirmed that a number of amendments to the Legislative and Regulatory Reform Bill will need to be made, to take account of the effect of the Government of Wales Act 2006 – in particular, to take account of the legal separation of the Assembly into an executive and legislature, and of the Assembly's new legislative powers.

Wales Office Ministers and the First Minister have considered further how these amendments should be made, and have agreed that they can be made through a consequential amendments order under the Government of Wales Act 2006. This order will be made by the Secretary of State under section 160 of the Government of Wales Act.

Committee Members may also be interested to note that a Government amendment has been tabled to clause 3, so that an order cannot make provision of constitutional significance. This is in response to concerns expressed in Parliament, and in the Scottish Parliament and Assembly, about the lack of provision expressly preventing orders from – for example – abolishing the Assembly

While we were content that the lack of express provision did not, in fact, mean that a legislative or regulatory reform order could make provision abolishing the Assembly, this express provision in clause 3 of the Bill may give additional reassurance to Members who were concerned about this.

EIN(2) 05-06, 5 July, 2006

EIN Minister agreed that a note on the Business Birth Rate Strategy would be provided, including information on the number of businesses helped and how many have survived (Item 2).

This note was provided and included with the replies to action points within the Minister's written report of 20 September.

EIN Minister agreed to liaise with EPC Minister to provide Committee with a note on the review by Hybu Cig Cymru on the current state of abattoirs in Wales

Following plenary discussions held on 16 May concerning the closure of Cig Meats, the Minister for Environment, Planning and Countryside asked for an analysis of the current state of abattoirs in Wales. He has since met with Hybu Cig Cymru, who have briefed him fully on this issue. This issue is a matter for the EPC Minister and any further questions should be directed at him.

EIN(2) 06-06, 20 September, 2006

EIN Minister agreed to provide, if available, (a) a regional breakdown of the numbers of businesses required to repay RSA and the amounts clawedback and (b) comparative data showing Wales' performance against other nations regions of the UK (Item 3)

We do not gather the data on a regional basis, however the number of companies to have repaid all or part (either as a repayment directly from them or through a licensed insolvency practitioner following the company's failure) of grant provided is 81.

This data has been retained since April 1999. The total value of recoveries to date this financial year is ?27,777,817. The data is currently being revisited to assess the UA split.

We have never carried out exercises to compare the value of recoveries to other regions within the UK.

This is in part due to other regions carrying out less than 100% (as we do) post completion monitoring. Any comparison therefore would not provide a true reflection on the failure rates across the whole of the UK and the subsequent values of recovery by region.

EIN Minister to provide committee with details of the WERC projects referred to in paragraph 26 of his report and the names of the universities involved (Item 3)

<p style="text-align: center;">WERC Project Proposals List of Projects accepted in Round 1 (June 2006)</p>
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Institution Name	Project Title	Academic Partners	Brief Description
University of Glamorgan (Applied Science)	HE 05 WERC 1001 Renewable Hydrogen Demonstration Model	U of W Bangor (Chemistry), Cardiff (Architecture).	The Baglan Energy Park Hydrogen Demonstration project demonstrates the viability of the production of hydrogen from a range of indigenous renewable energy sources and the benefits of using hydrogen as an energy storage medium for these intermittent renewables. This project's building aims to be self-sufficient in renewable energy. The project will create employment, provide a platform for new business growth and a facility for ongoing Welsh research in a variety of renewable energies.
Cardiff University (Engineering)	HE 07 WERC 1001 Biomass & Waste Fuels: Development for Heat & Electricity Production	IGER, Glamorgan.	The project will develop matrices for diverse biomass fuel types in relation to chemical and physical analysis, reaction characterisation in different modes of thermal conversion, economics and market sensitivity, availability, storability of production and use, regulation constraints and contractual conditions. Commercial trials will be undertaken exploring opportunities to use ash or tar residues, develop a system for drying food wastes and optimise the utilisation of difficult fuels and wastes (particularly MSW).

<p>Cardiff University (Architecture)</p>	<p>HE 07 WERC 1002</p> <p>Low Energy Design of LEDs (LEDLED)</p>	<p>Cardiff (Optometry), Swansea (Engineering), Bangor (Chemistry)</p>	<p>The potential of Solid State Lighting and in particular LED technology, to reduce the total energy consumption of buildings, will be explored, building on experience gained through the KEF project. Collaborative academic and industrial research will be undertaken to determine the light properties required for specific applications and tasks. The project will link to the proposed WAG/ Industry Wales LED Consortium, in particular supporting Objective 1 companies. Simulations will determine the LED specifications to supply the desired quality and quantity of light, develop innovative design solutions to enable the manufacture of demonstration products, and look at the potential energy savings through reduced heat gains.</p>
<p>Cardiff University</p>	<p>HE 07 WERC 1003</p> <p>Solar Thermal Absorption Cooling Integration with Buildings</p>		<p>The project will examine the building integration issues surrounding a Solar Thermal-powered Absorption Cooling Air Conditioning system suitable for domestic and commercial properties. The aim is to integrate a number of renewable energy and zero carbon techniques – namely passive solar design, solar thermal collectors and absorption chillers. The potential for the use of PV to power the systems will also be explored.</p>

<p>Cardiff University (Architecture)</p>	<p>HE 07 WERC 1004</p> <p>A Virtual Village for Research, Design and Development for Sustainable Settlements</p> <p>(VIRVIL)</p>	<p>Swansea (Engineering), Bangor (Chemistry)</p>	<p>VIRVIL will create a prototype virtual settlement appropriate for the simulation of the potential impact of low-and zero- carbon technologies and measures on the built environment and on energy supplies. Key tasks will be the definition of a software framework to enable modelling at such a large scale, the development of data input, handling and display methods, and the definition of an initial synthetic settlement. The prototype system will be demonstrated and feedback sought from members of the industry and government.</p> <p>Once the virtual village exists, clients will be able to present descriptions of new equipment, legislation, or measures, to be incorporated into the system.</p>
<p>Cardiff University (Engineering)</p>	<p>HE 07 WERC 1005</p> <p>Behaviour of Fuel Gases from Gasification of Coal & Coal/ Biomass blends in</p> <p>CO2 Atmospheres</p>		<p>One favoured route for sequestration of CO2 is to modify Combined Cycle Power Generation plant such that the CO2 is recycled through as gas turbine. The solid fuel is gasified in oxygen, the fuel gases then being burnt with further oxygen in a CO2 atmosphere in the gas turbine. The resulting flue gases contain almost entirely CO2 and water vapour (which can be condensed). The project will examine the behaviour of simulated gasified fuel products from coal and coal/biomass blends (SGP) when burnt with oxygen in a CO2 environment.</p> <p>The new data will be absolutely unique and will enable Wales to be at the centre of the development of</p>

			these extremely important systems.
Cardiff University (Engineering)	HE 07 WERC 1006 Studies of and Barriers to Underground Gasification in the Welsh Coalfields	Cardiff (Geology)	Underground gasification of coal is a technology which is being gradually developed in a number of areas globally. This study seeks to evaluate the potential in the Welsh context, especially the most promising areas for exploitation, as well as examining the barriers.
Swansea University (Engineering)	HE 09 WERC 1001 Multidisciplinary Research in Tidal Stream Energy	Cardiff (Engineering), Swansea (Biological Science), Cardiff (Ocean)	Tidal stream energy will be a significant part of our energy mix in future (predicted £4bn/3000 MW investment by 2020). This project created a multi disciplinary team across 4 leading research Schools to address fundamental issues regarding the interaction of the tidal turbine with the flow, environmental impact and interaction with other marine users. A potential deployment site will be used as an example across all seven work packages.
Swansea University (Engineering)	HE 09 WERC 1002 Swanturbines Design Development		Development of Tidal Stream turbine. Detail design of nacelle, rotor and internal systems for a tidal stream energy system. Experimental testing of scale support structure in a simulated marine environment. Development and protection of intellectual property.

<p>Swansea University (Life Sciences)</p>	<p>HE 09 WERC 1003</p> <p>Bio-Ethanol Wales</p>	<p>IGER</p>	<p>The proposed project will perform industrial research into the optimal feedstocks and process conditions for manufacturing Bioethanol. It will build a consortium capable of making Wales a world-leader in Bio-Ethanol technology building on international strengths in microbiology and plant genetics. It will make use of a new state-of-the-art Bio Refining Laboratory currently being built at the Technium Pembrokeshire facility at Pembroke Dock. Project results will inform a local SME that is planning to build Bio-Refining plants in South Wales, producing ethanol from grain, and inform the company on where to focus its precompetitive research for the next generation of its products.</p>
<p>Swansea University (Engineering)</p>	<p>HE 09 WERC 1004</p> <p>Low Cost Flexible Photovoltaic Coatings for Large Area Solar Collectors</p>	<p>Bangor (Chemistry)</p>	<p>The project will study the integration of photovoltaic functionality based on dye-sensitive titania into polymer-based coatings for strip steel, in order to provide a large area solar energy solution. This concept aims at achieving a step-change breakthrough in the cost of generating PV surfaces, as the materials will be cheap and the manufacturing process will be continuous and fast, like the coilcoating process of strip steel.</p>

Swansea University (Engineering)	HE 09 WERC 1005 Smart Electricity Metering	Cardiff (Engineering)	A smart, intelligent power meter will be developed in collaboration with industry and academia. The smart meter takes into account the bidirectional power flow for both conventional electricity supply and the new supply from renewable energy sources. It takes into account and provides information on power quality issues such as total harmonic distortion, true power factor etc. Remote data transfer from the customer to the supplier on an hourly basis. Typical user loads profiles will be characterised and be used for power management throughout the day. Fault diagnostics function will be integrated. The smart meter will be developed using the state of the art of microprocessors, electronics, instrumentation and control technologies.
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EIN Minister to provide a note on the possible development of a prison site on the MoD site in Deeside Industrial Park (Item 3)

Northern Gateway - Former MOD Land, Sealand, Flintshire

The Task and Finish Group, Chaired by Head of Infrastructure, North, met on 28 July to agree the final strategy for the development of the Northern Gateway as a strategic employment site for North Wales.

The private sector partners Pochin/Rosemond Developments are in advanced confidential negotiations with Defence Estates on behalf of MOD to agree a mechanism for bringing forward an early joint planning application for the site.

Flintshire County Council today (3rd October) agreed a proposed modification to the draft UDP allocating the site for Employment Purposes (total area 98 hectares) with additional housing (up to 650 dwellings on 25 hectares) with 30% to be affordable homes.

The Northern Gateway continues to be a critical project to DEIN and its private sector partners. It has been confirmed as a strategic site within the all Wales Property Strategy and represents the only site capable of accommodating any significant B1/B2 investment in North East Wales given the

continuing lack of alternative sites.

Officials within the North Wales Infrastructure Team are therefore committed to continuing to work closely with our partners to ensure this site is brought forward in accordance with the agreed strategy for the site.

DEIN North Infrastructure Team has had no discussions with officials from the Home Office regarding the potential use of the site for a prison. This would be a use that would involve the loss of a significant area of employment land and therefore be at variance with the agreed strategy for the site which has now been endorsed by the County Council as part of its Statutory Planning Process.

EIN Minister will provide further information on the proposed 2:1 traffic management system at A40 Llandewi Velfri, including a list of the other places that were using it (Item 3)

Highways Agency (HA) identified a need to reduce environmental impact of road improvements and to reduce costs, particularly those associated with the provision of dual carriageways. They initiated a research project into making better use of existing single (S2) and wide single carriageways (WS) and in particular the French and German use of what was termed "2+1" road design. This consisted of two lanes in one direction and one lane in the opposite direction with varying forms of delineating the segregation from permanent physical barriers to solid white lines only.

The basic premise is that each section of 2+1 should form part of a sequence of short sections of alternating direction of overtaking provision, so that with appropriate advance signing, drivers are aware that an overtaking opportunity is ahead. This should reduce driver frustration and reduce accidents.

HA concluded that the provision of WS 2+1 is seen as a better, safer option than WS or S2 by both the Highways Agency and the Scottish Executive, who are now using it extensively.

The system was trialled in Scotland on the A68 at Soutra Hill and in England on the A303 Ilminster Bypass. Both schemes were considered to be successes and as a result, the Highways Agency produced a new design standard due to be published in mid 2007. Meanwhile the Highways Agency and Transport Scotland are preparing further schemes using this draft standard across their networks.

The A40 in west Wales suffers from a lack of safe overtaking opportunity west of Pengawse Hill and it has been identified that the implementation of a 2+1 system on the two improvement schemes announced in December 2004 as part of the 2004 Supplement to the Trunk Road Forward Programme, namely

- A40 Penblewin - Slebech Park Improvement
- A40 Llanddewi Velfrey - Penblewin Improvement

should address this problem.

A note to be provided to Committee confirming the number of cancellations made by Arriva Trains in Wales this summer (Item 3)

Between 26 June 2006 and 16 September 2006, Arriva Trains Wales planned to run 68,600 individual journeys. Of these, 2,480 journeys were cancelled before reaching the final destination and 438 journeys were cancelled prior to departure and did not run at all.

A written report is to be provided concerning the Blackspot Action Plan, the problems involved in the provision of wireless networks to public services and the implications of RIBS on private companies (Item 3)

RIBS broadband 'not-spot' strategy

The Welsh Assembly Government has published details of the process by which broadband 'not-spots' are being identified and addressed. In terms of identification a range of mechanisms are being used for identifying people located in 'not-spots'. These include

- a Broadband Brokerage through the Broadband Observatory which is used to identify and collect data on broadband 'blackspot' areas across Wales,
- a dedicated e-mail address (RIBS@wales.gsi.gov.uk),
- my officials participating in local/community based ICT events and
- the Welsh Assembly Government providing written and verbal response to requests for information.

In terms of addressing 'not-spots', data evaluation occurs on a monthly basis. The top 20 'not-spots' are selected based on a set of pre agreed and consistent criteria. These top 20 are costed and a technology solution identified which results in 'not-spots' being eliminated.

To date 1796 'not-spot' locations have been identified across Wales. 490 of these locations are currently being addressed in Bronwydd Arms and Pennial in Carmarthenshire. A further 3 are currently being costed.

Due to technology limitations it may not always be possible to address some 'not-spots' at the time they are identified. In such cases these will be reviewed against new technology solutions on a 6 monthly basis and the people/businesses affected kept closely informed of developments.

It is therefore important that all residents and businesses experiencing difficulties accessing broadband services should register their broadband demand on the Broadband Brokerage site www.bbwo.org.uk or www.abec.org.uk (Welsh)

Latest position concerning WBNNet

The Broadband Wales Programme Strategy 2005-2007 was launched in January 2005 setting out the strategic vision for Welsh Assembly Government intervention in the broadband marketplace over the coming years. The RIBS project was designed as part of the Programme.

The RIBS project will enable areas of Wales previously described as broadband "not-spots" to have access to a minimum of first-generation (512kbps - 2mbps downstream) broadband services. Following an open competitive procurement process, a contract was awarded to BT Group on 3rd March 2006 to provide broadband to these areas. This is a 5 year contract that will part-fund work undertaken by BT Group to provide a minimum of first-generation broadband to the unviable exchange areas in Wales and any "not-spots" that exist in enabled exchange areas.

WNet provided wireless broadband services in some parts of Monmouthshire and was concerned about three exchanges in Monmouthshire (Skenfrith, Llantilio and Cross Ash) being upgraded as part of the RIBS project. Ultimately this resulted in an oral hearing being held at Cardiff High Court on Friday 21st July 2006 to decide if there was an arguable case that necessitated a full Judicial Review.

The outcome of the preliminary hearing was confirmation that the Welsh Assembly Government had acted lawfully throughout the process and, therefore, a Judicial Review of the project was not necessary.

WNet subsequently submitted a complaint to the European Commission requesting an investigation into the project. The complaint alleges that the Welsh Assembly Government acted outside of the terms of the State aid notification, and subsequent approval by the European Commission. The complaint also alleges that the Assembly Government misled the Commission when the RIBS project was notified. The complaint was notified to the UK Representation in Brussels in September 2006. The UK's response was sent to the Commission on 11th October 2006. All of the alleged breaches of EC law are denied. We await the Commission's response.

Wireless broadband

The Welsh Assembly Government takes a technology neutral approach to the promotion of broadband services, as the telecommunications industry is the expert in terms of identifying which technology solutions meet particular types of business improvement or infrastructure outcomes. It therefore does not specify the provision of wireless in the same way that it does not specify any other type of technology during its procurements.

A range of frequencies are used to deliver broadband services (generally the license exempt 2.4Ghz band and the light touch licensed 5.8Ghz band). However, the extent to which radio frequencies travel is dependent upon a large number of factors. These factors include the frequency at which the product is being broadcast, the terrain, distance and interference from buildings.

Some frequencies can, in certain circumstances, be affected by weather conditions. This adverse impact is normally caused by fog or light misty rain. The 2.4Ghz band is a very similar frequency used by microwave ovens. These work by the energy within the microwave signal exciting the water droplets within the food to the point where it boils and as a result, the food gets hot. The droplets are about the same size as the wavelength of the signal and are therefore easily absorbed and it is this absorbed energy which causes the heating.

In fine misty rain and heavy fog (and in foliage), the water droplets are also about the same size as the wavelength of the signal and are therefore, also liable to be absorbed. As the signal is absorbed, the strength is reduced dramatically and can therefore be too weak to be picked up by a receiver. Hence the signal loss sometimes noticed during these adverse conditions.

The Welsh Assembly Government has been in discussion with Ofcom through a recent consultation exercise which is proposing to increase the power output at the 2.4Ghz and 5Ghz frequency in order to overcome this problem. This will have a beneficial effect, for instance for rural locations, as it will increase the range and transmission distances of wireless services and provide a more reliable service in adverse conditions.

There have also been improvements in the standards used when developing this type of equipment, which are also designed to increase overall range and reliability.

The following local authorities utilise radio/microwave wireless technologies as part of their networks for broadband provision:

- Anglesey
- Rhondda Cynon Taff
- Ceredigion
- Carmarthenshire
- Powys

Cardiff and Bridgend councils have also established public access wireless facilities across their town/city centres.

A timescale is to be made available to committee regarding the release of draft orders concerning the trunking of the A48 and the A494 (Item 3)

The Inspector's Report following the Public Local Inquiry into the trunking of the A48/A4226 route to Cardiff International Airport has been received and is under consideration by officials. Advice will be put to the Minister with a recommendation on how to proceed. If the Minister decides to make the Order this would be subject to SO 28 requirements (which applies to Assembly subordinate legislation made by Statutory Instrument). It is envisaged that the decision and release of the Inspector's Report will be made by the end of the year.

There is no firm date for the draft A494 Order publication but it is expected to be published before the end of the year.

EIN Minister will provide details of the type of diesel used by Arriva Trains (Item 3)

Arriva Trains Wales uses ordinary DERV although it is known as 'red diesel' because it carries a lower excise duty than DERV available to motorists at fuel pumps. Arriva is currently experimenting with sulphur free diesel on a number of trains.