

Enterprise, Innovation and Networks Committee

EIN(2) 11-06(p.5)

Date: 7 December 2006

Venue: Committee Room 2, Senedd, Cardiff Bay

Title: DEIN Half Year Review of Performance as at 30 September 2006

Introduction

This is the first half year performance report of the new Department for Enterprise Innovation & Networks (EIN), which covers the period 1 April 2006 to 30 September 2006.

The report summarises the Department's performance against certain key deliverables as set out in its Business Plan for 2006-07.

Background

EIN's Business Plan, which was noted by Committee in July 2006, sets out a number of output targets and other key deliverables against which the Department's performance can be measured. Activities and programmes have been categorised into Spending Programme Areas which provide a reporting structure that is in line with the Welsh Assembly Government's strategy for taking forward the economic agenda and delivering services to its customers.

The report sets out an overview of the position as at 30 September 2006 and provides the headline figures and facts for each Spending Programme Area. It is important to recognise that:

- The progress reported is a representation of performance at a particular point in time.
- Delivery can not always be profiled in a linear manner with some activities delivering the majority of their outputs at the year end.
- There are many other outputs recorded as part of EIN's activities in addition to those which are shown within this report. The outputs recorded here are those considered to be the more strategic and commonly recognised.
- There are different approaches to recording outputs relating to Jobs Created and Jobs Safeguarded, which reflect the different regulatory environments and operational needs. These are defined below and are clearly identified within this Report.
 - UKTI Jobs Created and Safeguarded are recorded at the point of securing an inward investment project for Wales, in accordance with UK wide requirements. This relates to the International and Domestic Business Promotion SPA only.

- Certain grant schemes record the predicted Jobs Created and Safeguarded at the point of project approval in accordance with the scheme requirements. This relates to the Support for Employment creation SPA only.
- Other Jobs are recorded at the point the Jobs are actually Created or Safeguarded. This relates to all remaining SPAS which have job targets.

It is important to note that these different recording stages are never added together to give a 'total job creation' position, as this would be inappropriate.

Overview of Half Year Performance

The performance highlighted in this report has been delivered against the background of the Merger. Delivering business as usual or better has always been and remains a priority throughout this transitional period.

The results for the first six months highlight that EIN is delivering on this objective with the main output measures of Jobs Created and Safeguarded and the number of New Business Starts forecasting to achieve above their annual targets. The value of Private Sector Investment generated on projects supported by EIN is forecast to fall only slightly short of its annual target.

It should be noted that upper and lower range targets are used in the Business Plan and for the purposes of this report a mid-point has been taken to act as a static marker against which performance can be measured. The lower, mid and upper range points are set out below each of the key output target graphs.

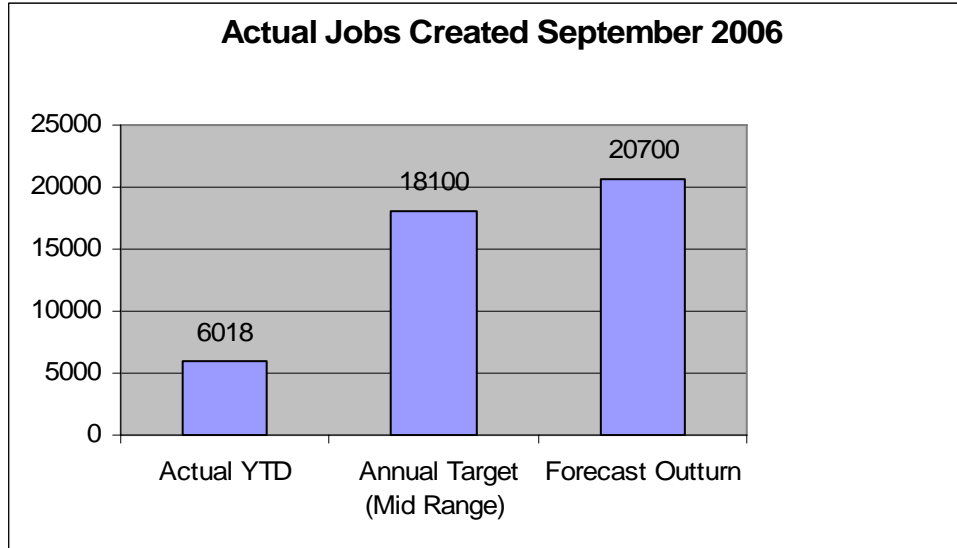
- The number of jobs created is expected to outturn at over 20,000, exceeding the annual upper target of 19,000 by just under 1,000.
- The number of jobs safeguarded is forecast to outturn about 300 above the annual upper target of 10,000.
- The value of Private Sector Investment generated on projects supported by EIN is expected to achieve some £451m, approximately £5m short of the annual lower target and some £50m short of the annual upper target.
- The number of forecasted jobs created in relation to RSA supported projects is projected to exceed the annual target of 4,500 by around 1,000.
- The number of New Business Starts is also forecasting to come in above the annual upper target of 4,622.

Performance to date and expectations for the remainder of the year for delivering against the business plan targets are encouraging, however we remain in a significant change period and environment for the Department.

and delivering against our objectives will not be easy as EIN staff continue to work hard on developing the new organisation.

Summary of Performance against key output targets

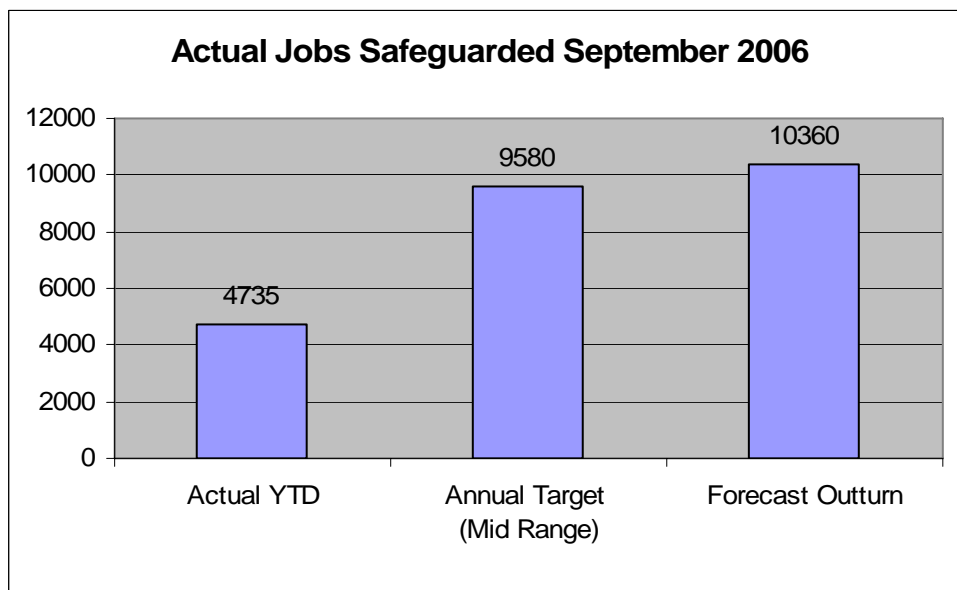
Jobs Created



Annual Target Range: Lower – 17200 Mid – 18100 Upper - 19000

Actual Jobs created to September 2006 amounted to 6,018 and are predicted to outturn at approximately 20,700 for the year, which is around 1,700 above the annual upper target. The Business Support activities of Innovation and Enterprise have performed particularly well.

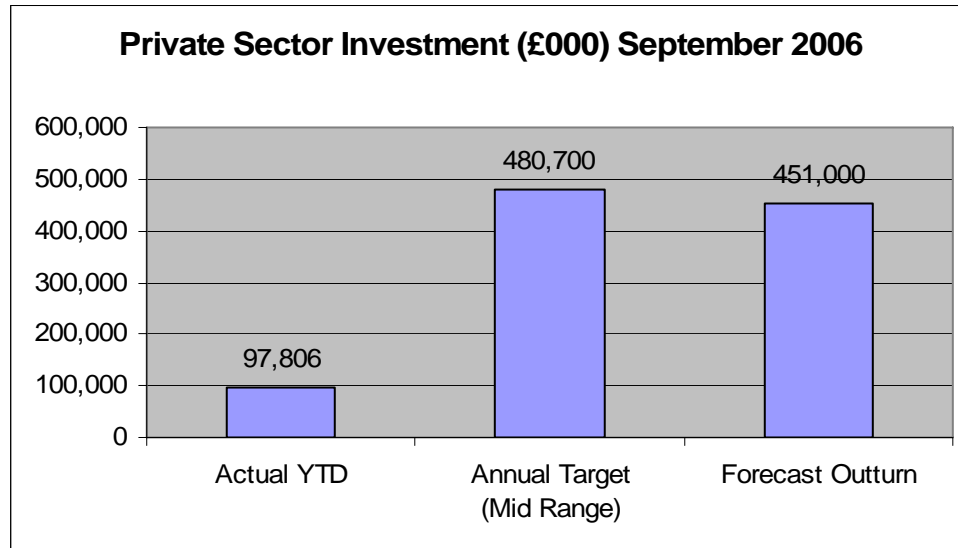
Jobs Safeguarded



Annual Target Range: Lower – 9100 Mid – 9580 Upper – 10060

Actual Jobs safeguarded to September 06 amounted to 4,735, with the forecast outturn predicted to be some 300 above the annual upper target of 10,060.

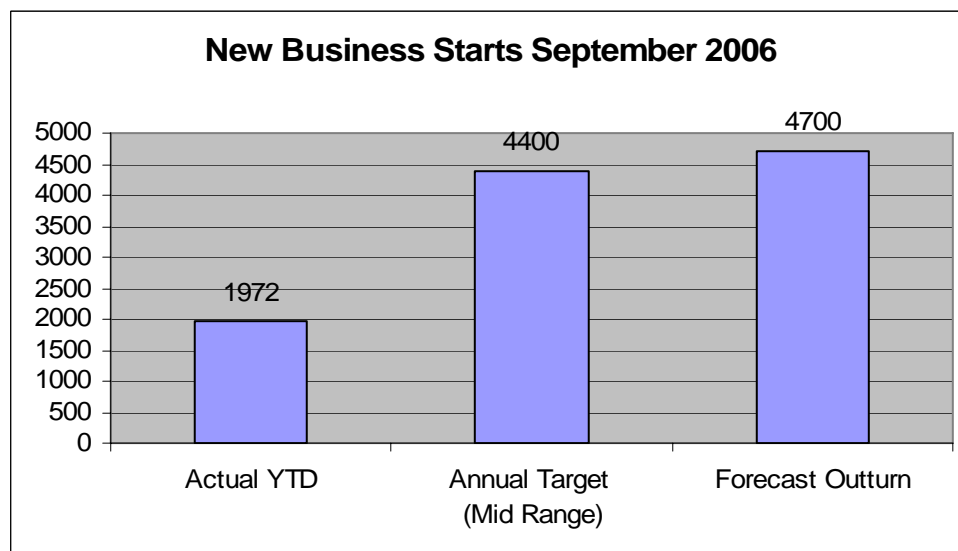
Private Sector Investment



Annual Target Range: Lower – 456700 Mid – 480700 Upper – 504800

The value of Private Sector Investment generated on projects supported by EIN for the first six months came to over £97m and is forecast to outturn at around £5m short of the annual lower target.

New Business Starts



Annual Target Range: Lower – 4182 Mid – 4400 Upper – 4700

The number of New Business Starts which are attributable to EIN supported activity during the first six months came to 1,972. This is ahead of expectations and is forecast to outturn at around 4,700 which is in line with the annual upper target.

Summary of performance against each Spending Programme Area

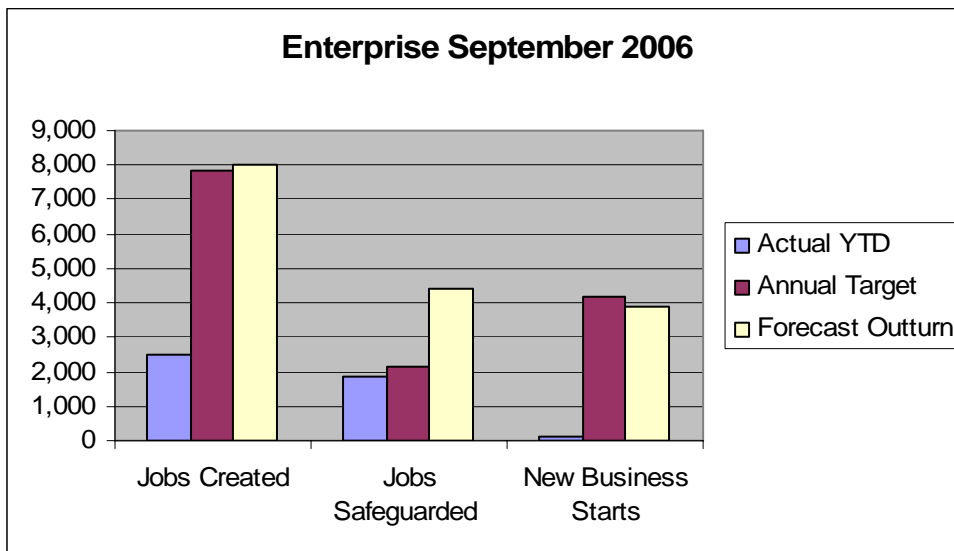
This section sets out the half year performance position by each Spending Programme Area (SPA) as set out in the Business Plan. Each SPA element sets out a summary of operational performance and a brief commentary on the position at September 2006.

The majority of targets set for the 2006-07 financial year contain an upper and lower range. The annual targets presented in the following analysis reflect the mid-point of the range.

Enterprise

The aim of this Spending Programme Area is to help to create an environment within which a greater number of sustainable businesses can start and be developed. The activities will help businesses to become more competitive by supporting drivers of business growth.

Outputs



Commentary

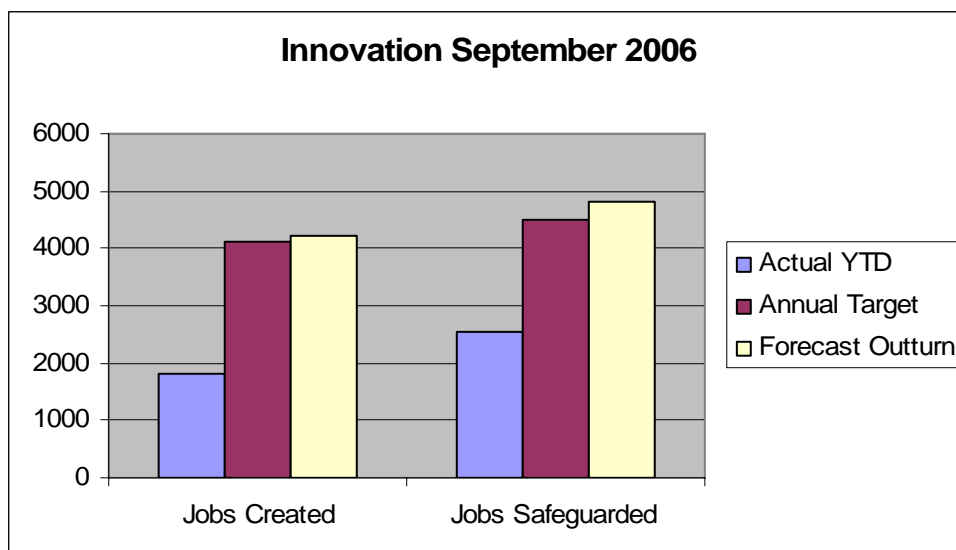
Both targets of Jobs Created and Safeguarded are forecast to outturn above their annual targets, with the number of New Business Starts forecast to fall slightly short at about 3,800. The Knowledge Exploitation Fund, Potentia and the Enterprise Factory projects all performing well, as is the Taste of Enterprise as the project moves into its closing phase.

Other deliverables within this Spending Programme Area include the offer of 106 Assembly Investment Grants with a total value of £3,278,739.

Innovation and Competitiveness (Including Finance Wales)

The aim of this Spending Programme area is to increase the sustainability, productivity and competitiveness, particularly the innovative capacity of businesses. Also included here are projects relating to resource efficiency, including energy efficiency and clean energy production.

Outputs



Commentary

Both the key targets of jobs created and safeguarded are expected to outturn above their annual targets, with the Knowledge Exploitation Fund again performing well in this area.

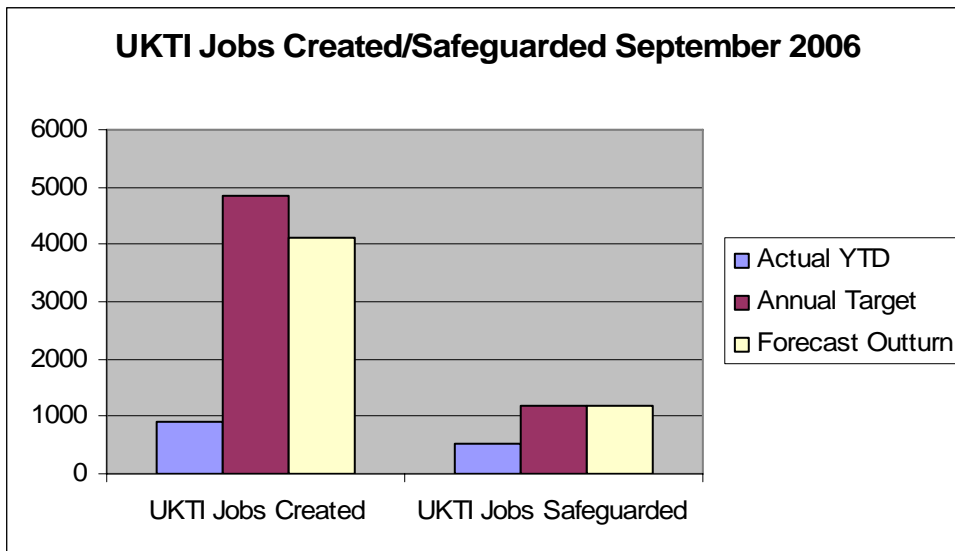
Other key deliverables include the successful launch of the Knowledge Bank and the completion of recruiting the necessary staff. This has resulted in the team being positively engaged with a group of over 75 confirmed clients across Wales.

The Science Policy, currently in draft form, is due to be launched in December and the final version of the Wales Energy Route Map is due for completion by the end of 2006.

Domestic and International Business Promotion

This Spending Programme Area seeks to put Wales on the world map by becoming a key player in Europe as an ideal location for quality inward investment, a strong international trading nation and by raising Wales' profile on the international stage.

Outputs



*These outputs are scored on a UKTI basis, which means that they are recorded at the point of securing an inward investment project, in accordance with the UK wide basis of measurement. These figures are **not** included in the headline strategic targets at the beginning of this report.*

Commentary

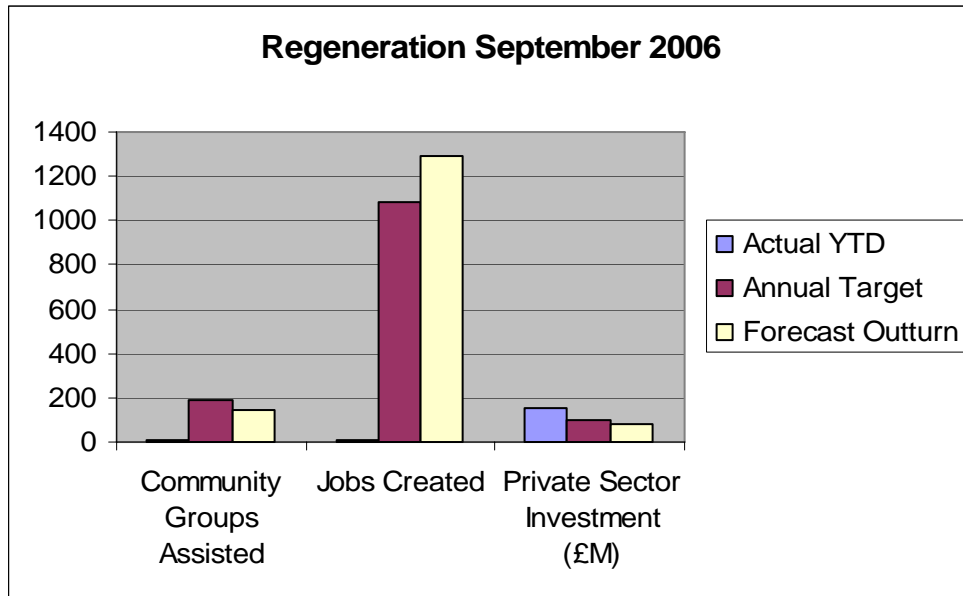
Jobs created as at September amounted to 891 and the outturn is expected to fall slightly short of its annual mid point target of 4,860 at 4,126. There are however further projects which may be delivered this year, not accounted for in this forecast. Jobs safeguarded figures are expected to be on target.

Other key deliverables include Export deals secured totalling £77.4m with a forecast to exceed the target for the year that is at £91.5m.

Regeneration Packages

This Spending Programme Area aims to improve the quality of life and prospects of people and communities. It covers activities such as urban and rural projects, land reclamation and environmental improvements to sites and property.

Outputs



Commentary

The Heads of the Valleys (HOV) strategy was launched in June 2006. Activity in 2006-07 is focusing on environmental transformation. Five environmental themed projects are being implemented.

Other key deliverables – The forecast of jobs created at 1,288 is approximately 19% above the annual targets mid-point. However both community assisted and private sector investment are forecast to fall slightly behind their respective annual target mid-points.

Telecommunications Infrastructure

This Spending Programme Area aims to work across both the private and public sector to ensure provision and take up of communications infrastructure for businesses, public sector, voluntary organisations, individuals and communities.

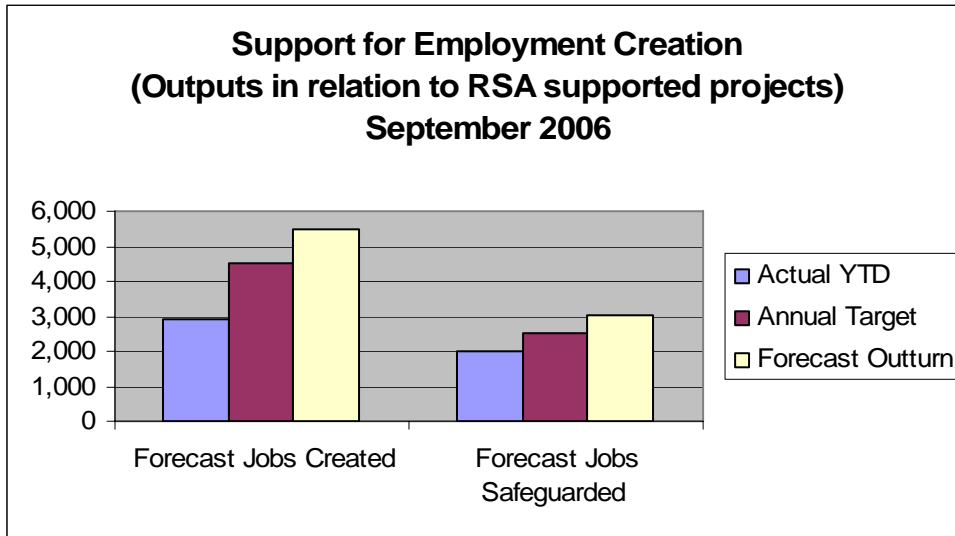
Outputs / Key Deliverables

The e-Wales Strategy for public consultation was published in July 2006. It sets out the Governments new ICT agenda. The consultation period ended on 31 October 2006 and a new ICT Action Plan will be published shortly.

Support for Employment Creation

This Spending Programme Area supports new capital investment projects that create and/or safeguard jobs in the assisted areas of Wales, while improving competitiveness and raising Gross Value Added.

Outputs



These outputs are recorded as predicted Jobs Created / Safeguarded at the point the project is approved.

Commentary

Both jobs created and safeguarded are forecast to outturn above their annual mid-point targets in relation to projects supported by RSA grants.

In addition the number of RSA offers to September amounted to 61 with a total project value of over £35m, and the value of forecast Private Sector Investment for these projects amounted to over £105m.

Tourism Promotion

This Spending Programme area aims to provide a larger, higher quality and 'greener' tourism industry with the visibility and appeal of Wales as a travel destination being significantly enhanced.

Commentary

Good progress is being made towards the commitments made in the Business Plan and the objectives are forecast to be achieved.

UK Consumer and Activities Marketing campaigns have received a good response rate and cost per response targets are being met.

The new golf brochure, golf TV commercial and calendar were launched at the Ryder Cup.

At September 89.9% of graded properties are accredited 3,4 or 5 star rating.

Property Related Infrastructure

This Spending Programme Area is to help to create more and better jobs by ensuring an appropriate supply of property. This will be by working with the private sector to meet commercial demand or, where the private sector does not have the appetite for development, providing property with some measure of financial support.

Commentary

SPA activities are progressing in accordance with the Business Plan and are generally set to meet or exceed year end targets for Floor Space completed.

The Property Strategy Review is being progressed in line with Sustainable Development Working Differently. Master planning workshops are currently being held around Wales to promote the use of Creating Sustainable Places which is the Welsh Development Agency's framework for sustainability in the built environment in regeneration and development projects.

TRANSPORT

Commentary

➤ **Maintaining the Trunk Road Network**

- Work is progressing on maintaining road and structures conditions in accordance with the annual programme of works.
- Work has started to remedy the problems caused by the rock fall at A5 Glyn Bends.

➤ **Improving the Trunk Road Network**

- Good progress continues to be made on the major schemes currently in progress - A465 Abergavenny to Gilwern and A479 Talgarth Relief Road.
- Work has now started on the A470 Blaenau Ffestiniog to Cancoed scheme.
- The consultation period for the Draft Transport Strategy which has been underway since July ended on 14 October.

➤ **Improving Air and Rail Services**

- Construction work on the Ebbw Valley Rail Line commenced in September
- Programme of north Wales station improvements is mostly complete
- Installation of CCTV on trains is well underway and expected to be complete by the end of 2006-07

- Additional rolling stock has been introduced to strengthen services across Wales including on the Cambrian Coast Line and the Heart of Wales Line.

➤ **Improving Local Roads**

Good progress continues to be made on the programme:

- Work continues on the Porth/Lower Rhondda Relief Road with completion scheduled for the end of the year and on stage 1b of the Neath Port Talbot Peripheral Distributor Road.
- A497 improvement between Abererch and Llanystumdwy is now open to traffic.
- Construction is underway on A486/B4336 Ceredigion Link Roads.
- Construction work on the Greater Bargoed Community Regeneration Scheme is scheduled to start later this year.

➤ **Improving Integration and Delivery of Local Transport**

- Good progress continues to be made on the programme of local transport infrastructure schemes.
- The Concessionary Travel Implementation Group (CTIG) has been reconvened to act as a steering group for the 2 pilot schemes for half fare bus travel for 16-18 year olds launched in Bridgend and north east Wales. A sub group of CTIG held its first meeting in September to review data collected and generally evaluate the pilot schemes.
- Continuing to provide support for demonstration projects testing ways to improve accessibility for severely disabled people on community transport.

➤ **Improving Road Safety**

- A Drink/Drive campaign is being prepared for launch later in the year.
- Good progress is being made on the programme of improvement schemes with 4 local road safety schemes and 16 skidding resistance schemes already completed.
- Between October 2005 and the end of September 2006, 68 additional 20 mph zones had been implemented by local authorities across Wales.

➤ **Improving the Quality of the Local Environment**

- Good progress is being made on schemes to improve the environment around local communities with 10 community schemes already completed.
- Doubts remain about what initiatives can be taken forward to reduce CO2 emissions and air pollutants within state aid guidelines.

➤ **Supporting Walking and Cycling**

- Continuation of support to maintain Sustrans office in Wales.
- Four cycling infrastructure schemes completed by the end of September.
- Good progress being made on completion of 20 safe routes to schools schemes across Wales.