

1. INTRODUCTION

This Business Plan puts into operation the first year of the three year planning cycle 2001/2004. The strategic direction of the Welsh Development Agency (the Agency) is set out in its Corporate Plan of 2001/2004 entitled "*A New Economy for Wales*" and this Plan reflects it in structure, expenditure and outputs.

The Business Plan is firmly set in the context of Putting Wales First and betterwales.com. It has also been informed by the draft NEDS policy framework to which the Agency has directly contributed. The Agency will also work with others to implement the recommendations of the EDC Review of Business Support and Development Services following consultation.

The Plan takes advantage of additional Grant-in-Aid, application of Objective One funding and availability of additional Match Funding and the NAW *Pathway to Prosperity* fund. The Plan is based on the Assembly Grant-in-Aid settlement which includes a baseline increase of £9.95m together with ring-fenced additional funding from the Pathway to Prosperity Fund, and for Finance Wales for delivery of NAW programmes.

This 'secured' funding forms the Agency 'baseline' budget. In addition, the Agency has the opportunity to raise around a further 50% of its budget from 'unsecured' funding. The level of this funding depends on a number of factors. Project driven receipts are dependent upon successful bids for Match Funding and European funds from Objective 1, 2 and 3 programmes and measures. Market driven receipts are generated through sales of assets, rents and the activities of the Land Division. Budgets are presented on a gross basis, i.e. including expected funding from all sources.

The ability to bid for and successfully achieve this significant level of funding enables the Agency to propose a highly ambitious programme of activity.

1.1 Rationale

The purpose of this plan is to operationalise the Agency's commitment to increasing prosperity across Wales as set out in the Corporate Plan 2001-2004 "*A New Economy for Wales*" which states "relative well-being in Wales continues to fall further behind the UK average, with the latest figures demonstrating a prosperity gap of more than 20% between Welsh and UK average GDP per capita". Development Agencies do not create prosperity – only business can do that. Therefore the Agency will work with and for business in conjunction with other partners involved in business support, particularly Education and Learning Wales (ELWa) and local authorities, in creating the environment in which businesses can grow, in attracting and retaining businesses in Wales and in ensuring that businesses in Wales meet the competitive demands of global markets.

1.2 Market Context

The application of ideas and information, including connectivity, is rapidly becoming the key

to competitiveness and hence prosperity. Wales is lagging behind the UK. Wales will prosper as its businesses prosper: business prosperity depends on innovative and enterprising behaviour in rapidly changing markets. There are considerable market pressures on firms in Wales – the continuing weakness of the Euro, the on-going process of structural change as products and markets mature and decline, the difficulties of retaining and rewarding talents and skills and the new uncertainties of e-business. At the same time change brings opportunities – for individuals, companies and communities with new access to global markets, new challenges in commercialising knowledge and the chance to have greater influence over Wales' own future.

1.3 Client Base

The Agency will work with and listen to business and its other partners in the four Regional Economic fora, various industry fora and from direct feedback from customers.

If the Welsh economy is to be transformed, existing businesses must be encouraged to become more competitive, helping firms to modernise and grow. At the same time, the continued attraction of high technology firms into Wales has a special role to play in fast-tracking change. Finally, competitive Wales needs a portfolio of advance sites and premises to attract growth-orientated firms and to provide room for existing firms to grow.

1.4 Actions

The Strategic Priorities of the Agency are increasing **participation**, increasing **added value**, encouraging **entrepreneurship** and creating internationally focused businesses or **internationalisation**. The Agency's objective, therefore, is to help create in Wales: a developed and comprehensively applied knowledge base, with individuals and firms that take maximum advantage of e-Business; businesses in Wales that grow by competing successfully in global markets; making Wales an attractive new location for businesses with a focus on strategic area development for economy wide as well as local benefit. The Business Plan 2001/2002 is structured to demonstrate how Agency projects and programmes contribute to these major themes.

2.1 Developing **The Knowledge Base** (Cross Agency)

2.2 Encouraging **e-Business** (Cross Agency)

2.3 Incorporating **Sustainable Development** (Cross Agency)

2.4 Supporting **Business In Wales** (Operational)

2.5 Attracting **Business Into Wales** (Operational)

2.6 Focusing on **Strategic Area Development** (Operational)

Strategic Priorities:	Participation	Added Value	Internationalisation	Enterprise
Knowledge Base		3	3	3
e-Business	3	3		3
Sustainable Development	3	3	3	3
Business in Wales	3	3	3	3
Business into Wales	3	3	3	
Strategic Area Development	3	3	3	

1.5 Impacts

Whilst continuing to measure outputs in terms of jobs and capital investment, the intention is for Agency activity during the year to add over £1bn to the sales revenues of business in Wales, i.e. 20,000 jobs will make an average contribution to revenue of £60,000 per job. If this happens, companies in Wales will grow, new companies will be attracted or stimulated and jobs and investment will be generated.

2. ALL -WALES ACTION PLANS

1. Developing The Knowledge Base [est. £29m across Agency programmes]

"In the global economy, capital is mobile, technology spreads quickly and goods can be made in low cost countries and shipped to developed markets. British business therefore has to compete by exploiting capabilities which competitors find hard to imitate. The UK's distinctive capabilities are not raw materials, land or cheap labour. They must be our knowledge, skills and creativity." Government White Paper, *Our Competitive Future; Building the Knowledge Economy*, 1999.

Putting Wales First identifies the need to promote links between business, further and higher education and entrepreneurial excellence. The Wales Regional Technology Plan (RTP) provides the framework for the promotion of a culture of innovation throughout Wales. The Agency, working with the Higher and Further Education sectors and business, encourages: the start-up of innovative new companies; the growth of existing businesses; an increase in the uptake of new technologies and the level of industrial and commercial Research & Development (R&D) in Wales; and greater collaboration between industry and academia. As a key partner in the Future Skills Wales agenda, the Agency will help to guide

the development of the workforce to meet the future employee skills required by business.

Corporate Plan Objective: To encourage the application of Innovation and Technology

The Agency states in its Corporate Plan that it will work to commercialise the knowledge base by encouraging the better commercialisation of the knowledge and expertise contained in Wales' Further and Higher Education institutions. This Business Plan puts into operation a three-year rolling programme to deliver a network of Innovation Centres across Wales. The Agency will also implement a complementary programme to significantly increase the level of commercial Research and Development in Wales.

Corporate Plan Objective: To increase the number of jobs in higher value added sectors and clusters

Higher value added sectors are typically those where the application of ideas, innovation and technology create competitive advantage and fast growth. The Agency will put in place an integrated cluster and sector development strategy, identifying and prioritising development where the greatest impact can be achieved in increasing value added business.

A successful strategy will ensure not only that new product ideas are generated (the need to work with universities and to encourage new R&D facilities) but also ensure that there is a satisfactory base for the application of these ideas at the interface between work and academia.

An all-Wales Action Plan is being developed around three elements to which a range of new and existing Agency programmes will contribute:

2.1.1 Innovation Centre Network [est. £6m across Agency programmes]

Technium Centres

The Agency will run local technology and innovation services from Innovation Centres. The Swansea Technium Centre is the first Innovation Centre of its kind to be set up in Wales. The Agency's development of the Technium Centre in Swansea in partnership with Swansea University, Swansea Institute, WWTEC (ELWa from 1st April) and City and County of Swansea, will provide specialist financial, business and technical support services to tenants through a dedicated on-site manager and support team to include Innovation & Technology Counsellors, Know-How Wales Regional Executives and Finance Wales mentors. The Swansea Technium Centre will act as a 'hub' linked to satellite centres; for example, Pembrey Technium for Advanced Motor Engineering.

The Technium Centre concept will be rolled out across Wales, adapted to meet local needs,

utilising specialist research and/or expertise. Centres will have:

- Flagship premises, located close to the University, city/town centre facilities and communications links;
- Dedicated centre manager with a background in business support and sector specialism(s);
- Specialist services available to tenants and local businesses;
- Formal links with local academic institutions;
- Established Steering Group comprising senior representatives from the key partner bodies;
- Direct links into established networks.

In SE Wales, a Technium "hub" will be based at Imperial House, Newport, with satellite centres at Cardiff Bay (Digital-Technium), University Hospital Wales Medi-Centre, Cardiff (Medi-Technium) and Llantrisant (Medi-Devices Technium). Similarly, at Aberystwyth in Mid Wales, there are plans for biosciences with satellites at IGER and DERA, Aberporth; and at Bangor in North Wales satellites linked to the proposed Opto-Electronics Centre in St Asaph.

Cardiff Bay e-Campus

Linked to the Technium network across Wales, the Agency proposes the creation of an innovation village or e-Campus located in the capital city, Cardiff. This new concept has the unique features of a highly developed telecommunications infrastructure, clusters of ICT services, a focus on high level skill and research, supported by an HE/industry campus facility and technology showcase. It would also feature blue tooth e-apartments and e-hotel accommodation.

Attractive to globally mobile telecomms and e-commerce projects, this will stimulate the city's underlying connectivity and e-commerce support services, accelerating the take-up of e-commerce by indigenous firms.

2.1.2 Increasing Commercial R&D [est. £13m across Agency programmes]

Industrial expenditure in Wales on industrial R&D is the lowest of all the UK regions. In betterwales.com and Putting Wales First, the National Assembly has focused on an increase in commercial R&D as essential to its objective of building a better, stronger economy in Wales. betterwales.com sets the target of doubling industrial investment in R&D by 2003.

Dedicated resources will be provided to build on and co-ordinate existing activities and to introduce new activities aimed at improving industrial expenditure on R&D in Wales. The new multi-pronged approach will include new start-ups, embedding existing businesses and attracting R&D intensive new investors through showcasing Welsh technology. This

resource will provide a more formalised link between the International Division and the Technology & Innovation team, thus providing increased specialist intelligence; for example, academic expertise to support potential new R&D investments.

Activities will build on and include:

- Benchmarking existing levels of R&D in Wales;
- Targeting specific sectors or clusters for the enhancement of R&D;
- Increasing commercialisation of academic R&D;
- Take up of R&D opportunities by SMEs;
- Working with NAW to establish an R&D fund in Wales;
- Centres of Expertise Review;
- Collaborate with WalesTrade International (WTI) in support of 3 overseas R&D missions per year;
- Extending the work of the RELAY Centre.

2.1.3 Cluster Development [est. £10m across Agency programmes]

Clusters have become a key part of mainstream Assembly policy through the draft NEDS. Cluster policies can more effectively integrate and catalyse existing measures than produce new ones. The Agency has established sector expertise. Actions will be to build on existing and to develop new networks, helping to provide start-up units to support new companies in multi-media, knowledge based creative and high technology sectors clustered around centres of expertise in industry and academia. Close links will be established with programmes currently in operation, for example with WalesTrade International (WTI).

As Paul Krugman from MIT has stated, "micro-electronics, biotechnology, the new materials industries, civilian aviation, telecommunications, robots plus machine tools and computers plus software" are believed to be the seven key industries of the next decades. Furthermore, "All are brainpower industries. Each could be located anywhere on the face of the globe. Where they will be located depends upon who can organise the brainpower to capture them. In the century ahead comparative advantage will be man made". To capture this advantage, Wales must build on and grow its existing strengths in these areas and others.

Activities will build on and include:

- *Designation of strategic sectors*

Mapping of current strengths and the identification of strategic sectors for development of highest impact alongside a strategic review of future technologies and markets.

- *Industry/Technology Fora*

Continued support for a range of industry / technology fora which bring together companies, academia groups and business support organisations including areas such as Medical Technology, Printing and Coating Materials, Pest Management, Mechatronics, Opto-electronics, and Timber;

- *Opto-electronics Forum*

focused primarily in North East Wales and developing strategic links with similar clusters in other regions. Plans include an OPTIC research/ incubator facility.

- *Automotive Forum*

The Forum is a platform for the industry through which views and requests can be heard, information can be disseminated, and actions taken. It promotes a common approach to achieving sustainable continuous improvement in the industry and will deliver the Accelerate Wales programme.

- *Electronics Forum*

The Forum provides a coherent voice for the electronics sector which comprises groups of companies in semiconductors, software, systems, consumer equipment, components, contract manufacture, instrumentation and control. Actions and projects include:

- publishing a Directory of Electronics in Wales;
- publishing the first profile of the electronics sector;
- development of Personal Development Plans for Technicians;
- development of a graduate training programme;
- supply chain cluster programme;
- improving work experience for schools;
- setting up an Electronics Task Force to address recent redundancy announcements.

- *Multimedia/Software and Creative Industries*

A trans-regional project with Shannon Development will continue to identify the needs and to implement a programme for multimedia, software and virtual logistics companies.

Feasibility study and plans will be developed to support and expand the software sector in North West Wales.

@Wales.co – will provide incubator facilities in Cardiff Bay for multi-media companies.

Support will be provided for creative industries such as music, broadcast media and Internet content providers.

○ *Environmental Goods and Services Programme*

Funded by the NAW, this network programme supports businesses in the sector to increase markets and business opportunities. It includes the *Energy Strategy* with an All-Wales energy office to be established in North Wales and an energy sector co-ordinator to be appointed. Objectives include development of energy goods and services sector, aiding sustainable development and supporting viable energy infrastructure in Wales.

○ *Biotechnology*

A pilot exercise in mid-Wales which has brought together small niche companies and academic expertise in bioscience will be expanded across Wales.

○ *Aerospace*

Building on the significant investment in the industry and supporting the successful development and expansion of the Aerospace Group across Wales.

Proposed outputs include:

	Target 2001/02
Business exploiting specialist advice	300
New businesses created/supported in each innovation centre	50
Jobs created/safeguarded with expanding SMEs and technology providers	600
Number of Industry/Academia links	700
New products/processes adopted by assisted SMEs	450

% increase in turnover in assisted SMEs	Tbc
Improved perceptions of Wales as technology base	Tbc
Industrial investment in R&D to double by 2003	Tbc
Increase in patent applications registered	Tbc
Increased R&D funding secured for Welsh business	£2m

2.2 Encouraging e-Business [est. £9m across Agency programmes]

The massive advances in ICT which have taken place over the last five years have meant that the Internet is now established as a serious alternative to conventional business transactions and gives unprecedented access to information.

Latest Welsh data indicated that just 15% of households in the Principality had Internet access – joint fourth lowest regional figure and compared to 19% for the UK as a whole. However, these figures remain small when compared with the United States, where in July 2000, 52% of the population (144m people) had access to the Internet.

There are also significant potential benefits in adopting Business to Business (B2B) for SMEs in the UK. Research has indicated that in an average scenario, the total savings for SMEs will be around £18bn and could be as high as £24bn – some 3% of UK GDP per year.

Putting Wales First acknowledges the importance of e-Commerce to assist small businesses to grow, promote stability and encourage new technologies.

Corporate Plan Objective: To encourage e-Business and Internet Access

The Agency will support a range of complementary programmes to encourage the widest possible application of e-Business and the opportunities presented by the Internet. In addition, and in line with the Assembly's moves toward e-governance, the WDA is committed to becoming an exemplar organisation in conducting its own operations through e-Business.

Activities will build on and include:

o The Wales smE-Business Programme

The first phase of the Wales smE-Business Programme will be completed during the year. This is a £5m flagship programme (£2.44m in 2001/02), the biggest of its kind ever introduced by the Agency or any other organisation in Wales, aimed at helping SMEs across Wales to enhance their competitiveness by exploiting the benefits of ICT/e-Business. During the 20 month programme period, over 10,000 SMEs across all parts of Wales will be engaged in an ICT awareness-raising programme (via

seminars, workshops, briefing packs (including examples of best practice), etc.). More importantly, ICT/Business advisers will work closely with 1,500 companies to provide a dedicated mentoring service, demonstrating how ICT can best be integrated with their business processes. This will involve the delivery of approximately 20,000 consultancy days during an 18 month period.

A second phase will be introduced during the year, via an Objective 1 application, to enable the support to be extended to a further 1,000 SMEs (£3.2m over 2 years).

- **The WIS Pilot Projects Programme**

This programme (£0.6m. in 2001/02) will be completed during the year. With financial support from ERDF structural funds and the Agency, the programme is supporting and co-ordinating 7 separate, innovative partnership-based projects delivering a range of e-business/ICT-related services to SMEs based within the Industrial South Wales area. The intention is to use the best practices identified through this programme to develop a larger-scale, all-Wales SME support initiative.

- **The EuroEcom Programme**

EuroEcom is an inter-regional programme [Catalonia, Rhone-Alpes, Lombardy, Wales] (£.075m in 2001/02) aimed at boosting SMEs' knowledge of the benefits of e-commerce/e-business, with particular attention focused on the opportunities available from Internet Shopping Malls. This will be achieved via a number of major promotional and support activities (seminars, etc.).

- **Mobile ICT Awareness-Raising Campaign**

A major, all-Wales ICT/e-Business/Internet awareness and training programme will be undertaken over the next 2 years (£0.6m. in 2001/02), based on the WIS mobile Training/Exhibition trailer which is equipped with a range of "high-tech" ICT and audio-visual equipment. This programme will link closely with other Information Society initiatives (e.g. Wales smE-Business), and a programme of events will be arranged in a variety of locations across Wales.

- **The e-Community Programme and Information Age Community Advice Centres (IACS)**

A large-scale programme (£2.5m. in 2001/02) will be introduced to support the establishment of a number of "e-communities". This initiative is aimed at helping individuals, families, businesses and schools in communities across Wales to make more effective use of the Internet and ICTs, and also at supporting local Intranets for use by those communities. The WDA will therefore seek to work in partnership with ELWa and Careers Wales to deliver the elements of skills development and careers guidance. It will also promote e-commerce clusters within specific sectors; and include schemes for implementing information age technologies. Local ICT Support Centres (IACS) will be established to provide technical or mentoring advice and offer 'free' hands-on technical services on a proactive basis. The centres will encourage

business start-ups, and be located in rural/deprived areas where the market does not have a presence, supporting the Communities First action plans.

- **IT Centre Network Co-ordination**

A co-ordination programme and team (£0.22 in 2001/02) is being put in place in partnership with Business Connect Wales and the National Assembly for Wales to provide a series of support services and facilities to the existing network of IT centres in Wales.

Currently, each of the IT Centres that comprise the network in Wales operates on an individual Centre basis, delivering a service the nature of which can vary significantly from Centre to Centre, according to locally perceived priorities. The service therefore lacks both coherence and a shared set of objectives. No Centre is sufficiently resourced to be able to exploit fully the potential benefits of operating as a network.

Core funding (£0.1m in 2001/02) is also being provided for the centres to ensure sustainability of their services to local SMEs.

- **Rural Telecomms Enhancement Programme**

The current Strand 6 programme, which is bringing advanced telecomms/data services, such as ADSL and Cellstream, to businesses and citizens in areas of Wales which would not normally benefit from such technology, will be completed during the year (£0.65m in 2001/02). In addition, further major enhancements to this Programme are planned via a "Strand 6+" initiative (£0.5m in 2001/02), which will extend access to high-speed, broadband telecomms services to wider areas via the development of a dedicated Multi-Agency Network.

- **Community Resource Information Society Programme**

Support for 8 community-based initiatives, where local groups are being provided with ICT equipment to help their training and skills development/job creation initiatives.

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- **@Wales**

The Welsh Digital Media Initiative, established to support new and developing companies in the high growth multi-media sector. Incubated companies will be provided with office facilities, high bandwidth internet access, rack space and servers at the @Wales building in Cardiff Bay. Also support from specialists in IT, Business, Marketing, etc. (see also 2.1.3 *Cluster Development*).

- **e-WDA**

Many of the projects listed above involve the e-enablement of companies within Wales. The objective of the e-WDA programme is to ensure that the Agency is also fully engaged in the process of becoming e-enabled. Components of this programme include firm targets for the Agency to be able to meet (and in many cases beat) UK Government targets for areas such as document management and e-procurement. The two year process will transform the Agency into one of the leading e-development agencies in the world.

Proposed outputs include:

	Target 2001/02
Number of new e-Businesses set up	100
Value of business opportunities	£1.5m
Businesses assisted	2,800
WDA procurement processes to be electronically based by end 2002	80%
Fully operating electronic-based document management and information retrieval systems using internal web-based systems	In place
A completely revised and interactive web site	In place

3. **Incorporating Sustainable Development**

The Agency will shortly publish its policy on sustainable development, '*Learning to Work Differently*'. Set in the context of the NAW policy document, '*Learning to Live Differently*', Agency policy will firmly reflect the aims of the betterwales.com to "promote development that improves peoples' lives over the long term whilst sustaining the natural resources future generations will need".

Activities will build on and include:

- work towards certification to a management system such as ISO 14001;
- ensure that our corporate plan for 2002/2005 has sustainable development firmly embedded in it;
- complete the work on our energy strategy and develop a waste strategy for the Agency;
- develop generic guidelines for project and programme managers, including a common appraised and reporting framework;

- prepare and implement a staff training programme and appoint a sustainable development "champion" in each division;
- complete the development of detailed guidelines on biodiversity and work towards a "Biodiversity Action Plan" for the Agency;
- develop at least 4 other sets of detailed guidelines on relevant topics;
- develop and implement programmes of support for business on sustainability issues, including ISO 14001 certification, and extending the network of Business environment Co-ordinators to cover Wales;
- prepare proposals on Sustainable Development Indicators for the Agency and consult stakeholders.

3. **Supporting Business In Wales £89m**

The Agency regards the distinction between indigenous business and those companies operating in Wales of foreign parentage (inward investors) to be no longer relevant in the global economy. Company ownership has become diffused internationally; it is development impact that is important, rather than ownership.

In 1999-2000 the Agency supported over 15,000 jobs in Wales and generated a corresponding £588.4m of PSI. Jobs from new investment into Wales numbered almost 5,000 and PSI of £169.5m.

Business based in Wales will continue to contribute by far the greatest impact on job creation. The Agency therefore provides support to businesses in Wales without discrimination, believing the competitive challenges of today's internationally focused economy to be common to all.

Corporate Plan Objective: Working in partnership

Whilst accepting prime responsibility for delivering economic development in Wales, the Agency will work to strengthen its partnerships with other key players in Wales. These partnerships range from close co-operation with the Wales Management Council, Business Connect and ELWa, as well as innovative partnerships with the private sector. A new compact is to be set up with the voluntary sector in Wales, reflecting the success of the Memorandum of Understanding that exists with the Welsh Local Government Association (WLGA).

The Agency will continue to provide executive support to the Business Connect Management Board and to provide core funding to the consortia at regional level.

Activities will build on and include:

1. **Participation: £ 4.8m**

These programmes identify, encourage and help firms to create more jobs and employ a wider range of people providing equality of opportunity for all and particularly including ethnic minorities and the disabled, looking at the particular circumstances of local communities and the challenges for applied information technology to create new opportunities for participation. Actions will include encouraging access to improved childcare facilities and other programmes including new proposals to be developed in partnership with the ELWa, the Employment Service and agencies such as Chwarae Teg to deliver programmes in support of such activities as:

- *SME Equality Project*: This project is now in its third year and has worked with 200 companies to date. The project works with individual companies to develop examples of good practice in equal opportunities. Following considerable support received from participant SMEs and strategic organisations such as the Equal Opportunities Commission, Commission for Race Equality, Disability Rights Commission, and the National Assembly for Wales the project is to be expanded across Wales to focus on gender, race and disability.
- *Work – Life Balance Challenge Fund*: The SME Equality Project team will manage this fund in conjunction with the Assembly and Chwarae Teg. Unlike its counterpart in England, the fund is designed to assist SMEs particularly to introduce family-friendly policies in the workplace.
- *Creches*: introduction, where possible, of affordable childcare facilities within business parks and local communities.
- *Lifelong learning*: supporting provision of small premises within towns and communities to enable access to ICT training.
- *Training centres*: creating, in partnership with others, dedicated centres for training new and existing workforce to support sector initiatives.
- *Youth inclusion*: support, as appropriate, for measures being developed by the Assembly, such as Foyer projects to encourage disenfranchised youngsters to re-enter employment.

1. **Competitive Development: Total Programme Budget £78m**

Competitive Development programmes support direct action with businesses located in Wales to improve business efficiency and trade.

- **Supply chains & networks: £9.8m** (see also 2.1.3 *Cluster Development*)

These all-Wales and local programmes aim to increase the efficiency of supplier firms through networking and sharing best practice, increasing the level of local sourcing, development of sector networks and support for Industry Fora. Existing and new programmes will be incorporated into a Wales-wide strategy for cluster development.

Activities will build on and include:

- *Accelerate Wales*

The Accelerate Wales Programme has commenced following extensive consultations with automotive sector and the approval of funding from NAW. This is the first comprehensive Business Development Programme designed by the companies in the sector, under the auspices of the Wales Automotive Forum, and will also be delivered through the main companies in the sector.

- *Source Wales*

Continuation of the Source Wales programme to support supply chains and networks to enhance competitiveness and fostering sustainable growth within businesses across Wales. The 'Winning Business' programme, which assists companies to identify and win new markets will be extended and linked to WTI for exploitation of export opportunities.

- **Innovation & Technology: £13.5m** (see also 2.1.2 *Increasing Commercial R&D*)

Direct support for the application of new technologies, for technology clubs, for generic programmes to increase Research and Development capability, the Regional Technology Plan and the Relay Centre and support for the network of Innovation and Technology Centres.

Activities will build on and include:

- *Centres of Expertise Programme*

Centres of Expertise which are recognised for the quality of their research and work with industry. Current WDA/HEFCW sponsorship of commercial managers will be expanded.

- *Know How Wales*

Raising the profile of academic expertise and relevant funding schemes, e.g. Teaching Company Scheme in SMEs.

- *Advances Wales*

Quarterly journal of science, engineering and technology developments for academia and industry in Wales.

- *Wales Relay Centre*

Assistance to academic institutions to access European research funds. (See

also 2.1 Knowledge Base).

- *Innovation & Technology Counsellors*

16 ITCs, funded by NAW and managed by the Agency on behalf of Business Connect, provide advice and support to individuals and companies in Wales on innovation and technology issues such as product and processing, patenting and access to research funding.

- **Information Society: £9.3m** (see also 2.2 e-Business)

Activities will build on and include:

- *Wales Information Society (WIS) Action Plans*

The Wales Information Society (WIS) Strategy & Action Plan and its associated major ICT-related programmes and initiatives will continue to be supported via the Business Plan. This includes encouraging the introduction of a co-ordinated, all-Wales partnership approach to the development of very large-scale Information Society/ICT-based initiatives aimed at implementing the Action Plan. These initiatives will help ensure Wales's transition to a knowledge-based economy, and cover 4 main themes, i.e. using ICTs effectively to:

- improve the competitiveness of Welsh SMEs,
- assist education and skills development,
- improve the effectiveness of public services/e-Government,
- help communities and individuals access the Internet.

Programmes and initiatives aimed at stimulating and supporting the demand for ICT will be delivered during the year in consultation with private and public sector partners, and will include the Wales smE-Business, WIS Pilot Projects Programme, EuroEcom and the Mobile Awareness Raising Programme as mentioned in para 2.2 e-Business. The following programmes will also be delivered:

- *Computers for Young Enterprise*

WIS has provided free multimedia PCs for all secondary and special needs schools in Wales participating in the Young Enterprise Wales Scheme (c.270) to encourage the "young achievers" to use ICT creatively in running their Young Enterprise programme businesses. An Intranet is being established to provide participants with e-business/e-commerce information and support

material, and training will be organised for link teachers.

- *ISSET/Science in Space Competitions*

Competitions and school conferences, held in conjunction with the Wales-based International Space School Educational Trust (ISSET) and NASA, will be held to encourage young people to develop their science, technology and ICT skills.

- *WIS Supported Projects*

WIS will continue to support a number of all-Wales initiatives which are helping develop an Information Society, including:

- *IT Centre Network Co-Ordination*

WIS will provide match-funding to take forward the DTI-sponsored Local Partnership Fund (LPF) programme, which will provide a series of co-ordination support services to the network of IT Centres in Wales.

- *@TEB/Technology Means Business*

WIS will continue to be one of the major sponsor partners of the "@TEB/Technology Means Business initiative, which has established an ICT accreditation system, which will help create a network of accredited IT/Business Advisers.

- *Sgrîn/Multimedia Industry Support*

Support will continue to be provided for Sgrîn, the Welsh media group, and the International Film School, in addition to helping to maintain the development of a strong local multimedia industry.

- *ASPECT*

ASPECT is an INTERREG-funded, Inter-regional research programme, with partners in France, England and Ireland, aimed at developing guidelines for using ICT to improve spatial planning and regional development. The project will be concluded during the year, and Wales will organise the dissemination of results across Europe.

- **Financial Products: £11.2m**

Included here are the budget figures for Finance Wales and the residual funds [£0.5] for Mid Wales Development Grant delivered in Mid Wales Division.

Following a National Assembly for Wales resolution in 1999 to establish "an independently managed bank or similar fund", the funds and programmes established by the Agency to assist Welsh SMEs and Community Enterprises in accessing appropriate finance, have been transferred to Finance Wales plc, a wholly owned subsidiary of the Agency.

Finance Wales plc comprises - the Wales Innovation Fund, the Wales Small Loan Fund, the Community Loan Fund for Wales, Mentor Wales, the Wales Spinout Programme, Access to Capital Wales and the **Xenos** Business Angel Network. The Wales Innovation Fund is a joint venture with RBS Bank, the Wales Small Loan Fund and the Community Loan Fund are operated through a subsidiary company - Welsh Development Capital (Management) Limited.

In addition a bid for £20 million of Objective 1 funding in support of a £46 million Fund has been submitted by Finance Wales, to the Wales European Funding Office. This has received, in principle, local approval and is now under consideration by the European Commission. An autumn launch for the funds is anticipated.

Additional funds and programmes are under consideration by Finance Wales and are set out in the Finance Wales business plan.

- **Agri-food: £12.8m**

The Agency's Food Directorate has been in operation since April 1999, taking the lead in developing and managing the Agri-Food Partnership as well as rolling out existing and new programmes to support the agri-food industry in Wales. This budget allocation assumes match funding from NAW for two new major programmes.

Activities will build on and include:

- Taste of Wales Development Project;
- Hospitality marketing scheme to encourage and promote the use of Welsh produce;
- Welsh Lamb and Beef promotions developing consumer demand for farm assured branded Welsh lamb and beef;
- Agri-food development¹
- Farm innovation¹

¹ Subject to Objective One bid.

- **Advance Premises: £11.2m**

Provision of appropriate strategic premises in support of the above programmes and

for the anticipated growth needs of existing business, expansions and start-ups, for example, incubator units, and sector related premises such as food units as well as technology centres, especially in Objective One areas.

Activities will build on and include:

- Technium Centre Network (see 2.1.1 *Innovation Centre Network*)
- Creation of Advance offices/R&D Pavilions
- **Bespoke premises for businesses in Wales: £9.7m**

Provision of tailored premises for individual businesses in Wales seeking expansion or relocation.

1. ***Enterprise Development: £15.9m (plus indicative £13.4m transfer of 'E' in TECs including Business Connect & MRC)***

Actions to encourage the creation of new businesses, and to help existing businesses to grow, as well as meeting longer term objectives of cultural change within the framework of the Entrepreneurship Action Plan.

- Transfer of 'e' in TECs

The Agency will be taking responsibility for the key enterprise development funding of the Training and Enterprise Councils from April 1st 2001.

Key enterprise schemes currently include:

New Business Start Programme, Sole Traders Initiative and Diagnostic & Consultancy Services. In the first year, the Agency will implement the TEC business plans for these three programmes. A new Business Birthrate strategy will be developed.

- Entrepreneurship Action Plan

The Agency is overseeing co-ordination of activities contributing to a three year Entrepreneurship Action Plan. A dedicated Entrepreneurship Unit will be set up within the Agency to manage the plan, working in partnership with ELWa and Careers Wales.

Activities will build on and include:

- Promoting an Entrepreneurial Culture¹
- Support for Under-Represented Groups¹

- Women's Enterprise Wales¹
- The Enterprise Factory¹

¹ Subject to Objective One bid.

1. **Internationalisation: £0.65m**

The development of outward-looking businesses, and the generation of business opportunities and trade potential through the achievement of global standards. Whilst international trade activities have been transferred to the National Assembly Wales Trade International, Agency programmes will address the particular needs of exporters through such measures as ICT finance and R&D support. The current programme supports the EDIMAR project in West Wales.

Proposed outputs across all programmes include:

	Target 2001/02
Increase in business turnover	£1 bn
New business start-ups	2,000
Number of businesses assisted *	34,000
New business opportunities created	£170m
New businesses secured	£50m

* Not adjusted for "double counting".

2.5 Attracting Business Into Wales [£12m across Agency programmes]

The traditional focus of inward investment into Wales has been large manufacturing projects (both new investments and expansions). The marketing strategy underlying this success was focused on the cost base in Wales and availability of labour, supported by a combination of favourable exchange rates and government grants.

Inward investment activity must support the broadening of the Welsh economy and anticipate market trends, which have increasingly moved towards services and high value-

added technology projects. In response to the *knowledge economy* and global change there is the need to upskill existing Agency employees and recruit specialists to supplement and enhance Agency marketing efforts including the opening up of new offices in the emerging markets for new inward investment such as India and China.

Corporate Plan Objective: To encourage the creation of additional jobs, particularly in the west of Wales and the Valleys

The Agency will encourage new business investment and the expansion of existing businesses through an integrated programme of international marketing, strategic site preparation with provision of advance premises, and enhancing the competitive image of towns with greatest potential for economic growth.

Activities will build on and include:

1. *Inward Investment: £11.8 m*

Actions to encourage new investment into Wales, including the external promotion of Wales as an effective place to achieve business success, and the provision of custom built premises for new investors from outside Wales. Included in this section is the Divisional expenditure on bespoke premises.

Putting Wales First states that increased funding for the Agency will be targeted to develop a second wave of high skilled, high value adding foreign direct investment built around existing SME supply chain provision and within a framework of strengthening Wales' overseas marketing capacity. An additional £1m will be 'ringfenced' to deliver these objectives by identifying, targeting and securing high quality customer resource management (CRM) projects which will create 3,000 additional jobs by 2002.

A strategic target list of major global companies in key technology sectors will be created to support this activity and to generate new markets in China, India, Eire, Israel, Switzerland and the Middle East.

○ **International Marketing: £5.25m (International Division) + £1m NAW support for implementation of new strategies**

The International Division has 65 staff, 38 of whom are located in Cardiff. Overseas, 27 staff are located in 7 offices in the US; 3 in Europe; 1 in Japan and 5 in Asia Pacific.

Activities will build on and include:

- marketing of inward investment opportunities through events, media coverage, advertising etc;

- generation of leads through telemarketing, consultant research, personal networking and intermediaries;
- prospecting and qualifying leads into projects and introducing them to Wales;
- providing and presenting key information to support marketing propositions;
- supporting prospects during visits to Wales;
- Leading Team Wales – the range of partners, including the National Assembly, which supports investors;
- closing the investment project;
- handing projects over to regional staff;
- supporting expansions of existing investors and indigenous companies where they are mobile or require the services of Team Wales to deliver the package of support.

- **Geographic Focus**

- **USA**

To increase direct selling effort in the North American market (following the expansion from four offices to seven).

To focus marketing effort on service and value-added technology sectors, with an increasing emphasis on a sectoral strategy.

To make a step-change in the Welsh product towards an innovation and skills orientation.

- **Europe**

Build on the opening of a permanent office in Paris to service the French market in support of both inward investment activities and WTI activities.

Exploit the re-organising of European operations around an Amsterdam "hub" to service the growing media and e-business opportunities in Northern Germany, Holland and Scandinavia – this includes increasing direct sales effort in these markets.

-

- **Asia Pacific**

The re-organisation of Asia-Pacific operations to capture opportunities in the developing growth markets of Australia, Singapore, China and India.

- **Sector Focus**

In order that Wales is promoted successfully in the knowledge economy there is a need for subject specialists in such sectors as Micro-Electronics, Media/ Software, Biotechnology, and Services as well as supporting the traditional areas of Automotive and Aerospace, where new technology will transform the existing customers in Wales.

A key activity of the Sector Specialists will be to support a "Big Company" investment strategy. This follows a highly successful strategy pioneered by the Industrial Development Agency in Ireland. The International Division is in process of strengthening its relationships with a targeted list of "blue-chip" high technology investors in order to compete with this strategy.

Such a strategy requires a complementary set of activities to raise dramatically the profile of Wales as a value-added, high technology location including new collateral material, events, PR and media activities.

The Agency is also opening up representation in new markets such as Singapore, China and India.

- **Team Wales**

Partnership with Local Authorities throughout Wales to co-market inward investment.

Bi-lateral contacts with WTI to co-market our activities, both in important existing markets (e.g. North America) and in emerging markets (e.g. China).

Collaboration with the WTB in high profile events such as the Rugby World Cup and the Ryder Cup where the profile of Wales in general is featured.

Collaboration with the British Council in Wales to promote the excellence of Welsh Universities and Higher Education Institutions to attract overseas students to Wales.

Collaboration with WTI in promoting potential opportunities for companies in Wales overseas, through linkages with the international networks of Wales-based consultancies.

Encouraging the active participation of universities in attracting and supporting investors.

Proposed outputs include:

	1999-2000		2000-2001		2000-2001		2001-2002	
	Out-turn		Forecast		Target		Target	
	Jobs	PSI (£m)	Jobs	PSI (£m)	Jobs	PSI (£m)	Jobs	PSI (£m)
WW/V	7,782	279	5,587	118	6,000	165	5,000	100
EW	1,992	197	3,030	236	2,500	125	3,500	150
Total	9,774	475	8,617	354	8,500	290	8,500	250

○ **Bespoke Premises £5.4m**

Planned support in the regions for premises associated with inward investment projects new to Wales.

2.6 Strategic Area Development [£57.7m across Agency programmes]

The Assembly's Communities First initiative will focus a wide series of measures to improve the prosperity and well being of the most deprived communities in Wales. The Agency will undertake complementary strategic regeneration programmes in or adjacent to communities ranked among the poorest in Wales, building on existing Agency partnerships with unitary authorities in these communities and focused on increasing economic participation.

Corporate Plan Objective: To increase the range and availability of strategic sites and premises

The ready availability of quality sites and premises is a key factor in the ability of business to expand and modernise. The shortage of advance premises may increasingly act as a barrier to growth. The Agency will undertake an accelerated programme of strategic site preparation and provision of advance premises in areas which can contribute strategically to the development of fast growing knowledge-based companies, seeking to work with, rather than replace, markets.

Corporate Plan Objective: Support for agricultural and rural communities

The Agency is committed to promoting prosperity throughout Wales, recognising that the economy of rural Wales is an integral part of the wider economy.

Our aim is to diversify the economic base of rural Wales through wide-ranging support mechanisms including all mainstream activities. This will include measures to support the creation and safeguarding of quality job opportunities in rural communities. At the same time, we will focus on measures which promote a sustainable future for the traditional industries of agriculture and forestry, through the work of the agri-business advisors, the Food Directorate and a proposed forestry support package. The Agency is also looking to support the LEADER+ initiative in Wales.

We will continue to work with the Rural Partnership of Wales and others to identify new opportunities for rural Wales.

Activities will build on and include:

2.6.1 Business Infrastructure: £21.4 m

Actions to improve the communications infrastructure in Wales, and to provide quality strategic sites and premises in support of new investment including:

- *Telecommunications*

Expansion of the Llwybr strand 6 rural telecommunications network and support for the Mid Wales Multi-agency Rural Area Network (MARAN) flagship project to provide infrastructure to facilitate e-commerce, skills development, education, tourism and inter-agency communication.

- *Strategic Sites and Premises*

The Agency has received European Commission approval for its mechanism for encouraging and supporting private investment in improving the stock of business premises in Wales. In addition, the Agency will develop a major new programme of strategic employment site preparation including key projects at:

Ty Mawr, Holyhead BP Llandarcy

Parc Bryn Cegin, Bangor Brocastle, Bridgend

Former Hotpoint site, Llandudno Junction Craig y Felin, Cwmbran

Aberporth Business Park Llanhilid

Baglan Energy Park Bridgend Science Park

Ty Du

2. Regeneration: £36.3m

Actions to improve the competitiveness of key towns in Wales through securing private investment and through such programmes as land reclamation and urban and rural development, focused on creating the conditions under which Wales' communities and businesses can prosper and grow.

Activities will build on and include:

- *Landscapes Working for Wales*

Programme to enhance quality of the environment especially along strategic corridors and employment areas where first impressions of quality are of paramount importance to new development.

- *Environment Working for Business*

Linking of physical improvement of industrial estates in the South Wales Valleys with issues of waste minimisation and resource efficiency. Appointment of Business Environment co-ordinators to support companies' needs on environmental management and physical improvement in key employment locations throughout Wales.

- *Land Reclamation*

Elimination of the remaining legacy of derelict sites remains a priority to support the comprehensive regeneration of deprived communities and the comprehensive re-use of brownfield sites, with highest priority attached to those sites posing a threat to life, property or the environment.

Key priorities will be sites such as Phurnacite, Albion and Llanwonno in RCT and Trago Mills in West Merthyr, Brymbo, Wrexham and Llandarcy, Neath Port Talbot.

- *Community Strategies*

As a member of the Community Strategies Steering Group, the Agency expects to be fully involved in the development of local authority community strategies. The Agency will work with existing partnerships to ensure the greatest degree of synergy between local priorities and Agency plans.

The Agency's policy in respect of community strategies is built on an area-based approach to community regeneration, providing the integration of complementary economic, social, cultural and environmental measures. As part of this long-term process, Agency intervention will be in respect of projects that maximise economic output and are consistent with the priorities contained within the Corporate and Business Plan. This will involve the selective use of both capital and revenue support programmes.

2.6.3 Rural Areas

The challenges facing rural areas are many and varied, brought about by decline of traditional industries, dispersed and ageing population and decline of local services and community facilities. The Agency will mainstream all its programme of activity across rural areas having special regard for the scale of population densities and local business needs.

Activities will build on and include:

Welsh sheep strategy;

Support for machinery rings;

Grassland technology transfer programme;

Advice to farmers and food processors, including young farmers;

Welsh lamb and beef action plans;

TIMBER programme;

Market towns, Slate Villages and Three Towns initiatives;

LEADER + (subject to additional Pathway to Prosperity funding).

Additional MRC and match funding will be required if the Agency is to assume the role of intermediary body for Global Grants under LEADER+.

2.6.4 Land Division

Land Division will realise land disposals of some £23 million and invest up to £21m in new land acquisition, maintaining a balanced portfolio to enable 'profitable' sites to support non-profitable but economically or socially desirable schemes to encourage business growth.

Major projects will include:

- Land acquisitions/site infrastructure provided: within Objective 1 £12m/Outside Objective 1 £9m.
- Infrastructure provision at Ruabon Business Park, Swansea Vale and Brocastle.
- Regeneration of the former Hotpoint site in Aberconwy.
- Bringing forward proposals for the redevelopment of a major site at Ely Bridge, Cardiff.

Proposed outputs include:

	Target 2001/02
Potential jobs supported	7,500
Capital investment secured	£70m
Commercial floorspace created	200k sq.m
Potential floorspace from serviced land	tbc

2. **REGIONAL PRIORITIES**

3.1 **North Wales**

Bringing forward projects to expand the energy, opto-electronics, software, high tech manufacturing, aviation and agri-food sectors.

Investment in new financial services and the multi media sector.

Multi-national investments committed in energy, aviation, opto-electronics and multi-media sectors. Targeting UK and Irish investment in financial and agri-food businesses.

Business infrastructure projects include high tech manufacturing at Wrexham Industrial Estate and Ty Mawr, energy at Rhosgoch, aviation at Hawarden, opto-electronics at St. Asaph, software at Parc Menai and multi-media at Caernarfon. A comprehensive business development programme will be co-ordinated with Business Connect aimed at SMEs and covering agri-business, rural and micro-business in small towns and villages.

3.2 **Mid Wales**

Support for Business Connect, in conjunction with local authority and enterprise partners to deliver advice and support services through a network of nine centres.

The Agri-business team will work with the Welsh Institute of Rural Studies, IGER and the Meat and Livestock Commission to assist the development of the dairy, beef, sheep and grassland sectors.

Introduction of the new Community Regeneration Tool-Kit, a range of funding mechanisms and initiatives.

Ongoing commitment to Llwybro Routes, LEADER 2 and the Gwynedd Slate Valley Initiative.

Support for and focus on Renewable Energy opportunities via the OPET programme and

development of existing expertise in Mid Division and Wales.

The Property Development Grant provides a mechanism new to Mid Division and will be used to cost effectively encourage the private sector to increase the range and availability of property for business.

3.3 South West Wales

Continuing development of the Technium Centre at Port Tawe, Swansea which will serve as an incubator unit for new and fledgling companies in the high tech sector.

An Innovation Village, adjacent to the Technium Centre will form part of the wider regeneration of the docks and provide premises for expanding companies.

Bio-Technium centre to be set up at the National Botanic Gardens for research and development of botany and horticulture.

At Pembrey, an advanced engineering Technium will complement the existing motor racing circuit/ test facilities and centre of excellence at Swansea Institute.

e-Technium planned at Cleddau Bridge and Rural Technium in the early stages of development.

3.4 South East Wales

Support for Automotive sector suppliers through Accelerate Wales programme.

Energy Efficiency project to be maintained and extended into the area of effluent minimisation.

Multi-media cluster support and high bandwidth fibre optic cabling in Cardiff Bay by @Wales.

Proposal to create Super-Technium at Imperial House, providing high quality serviced buildings and flexible premises with dedicated business support and university links.

Creation of Advance Pavilions on science/business parks located close to each Technium, for rapidly expanding companies.

Provision of advance customer resource centres and e-business hotels.

In the Objective One area provision of 25 to 50k sq ft units for manufacturing.

Proposed 100sq ft unit on A465.

'Competitive Places' programme to create appropriate environment for new investment.

'Building Communities' Programme to support the Assembly's 'Communities First' programme

Supporting programmes for childcare facilities, Lifelong Learning premises, training centres and healthy living centres and Foyer projects.

Account management of strategic companies.

3.

4. **MANAGING THE BUSINESS**

This section explains the Agency's programmes which support all other activities. These include Marketing, Strategic Policy and Property Management, together with the Legal, HR and Finance Divisions, Structural Fund Unit and the WEC.

4.1 Marketing £ 4.5m

The strategic goals and values for the marketing plan relate to the Branding Statement: "Activators for Business Success".

Activities will build on and include:

- A close involvement in partnerships (both public and private sector) for programme delivery;
- A co-ordination and integration of all the Business Development programmes marketing into the Agency brand (in particular European funded programmes).
- A focus on local delivery and marketing of Agency programmes at the Regional level including the strengthening of resources and close working with local partnerships, especially following the integration of the "E" from TECs.
- A major investment in International refocusing, in particular to create a new image of Wales as a high added-value location for investment, with a particular focus on the North American market.
- **Flagship Programmes**
- Corporate Programmes including "What is the WDA?" – Literature and Video.
- Sectoral Research Conferences and events in association with the NAW and Industrial Fora.
- Golf events in support of the Ryder cup bid.
- Technium and Innovation Programmes.

- Business Support data sheets and web-sheets in integrated Branded format.
- Regional WDA Branding material (Information sheets; two major events in each region; other Business Support activities, including signage).
- Local partnership material in each region (both Inward Investment and Business Support).
- Rural Programmes Marketing initiative.
- International Branding – Video; media relations and events campaign; local material.
- Community regeneration programme (Land Division; Regeneration and Reclamation programmes etc).
- Corporate Relations programme with Assembly; in-Wales stakeholders.
- Study of business needs.

2.

3. **Strategic Policy £1.5m**

The task of Strategic Policy Division is to guide, inform, manage and monitor the activities of the Agency in relation to its objectives. In 2001, Strategic Policy Division will focus upon the following areas in order to maximise its impacts upon adding value to the Agency:

- Establishing a framework for the analysis and assessment of strategic futures, looking forward into the longer term to seek to position Wales to take maximum advantage of that future.
- Work to better map existing and potential clusters in Wales as part of the development of an integrated strategy to develop the knowledge economy.
- Continuing to develop and implement a strategy to increase commercial Research and Development in Wales.
- Establishing a framework for the assessment of Agency activities in terms of their impacts on economic development in Wales.
- Maximising the value derived from the Agency-sponsored, large scale survey of SMEs in Wales in terms of benchmarking SME performance in Wales.
- Complete a full review of the relationship of the Agency to the Wales European Centre, in particular the nature and size of future financial contributions on a value for money basis.
- To maximise the role of the Structural Funds Unit in advising, managing and providing

strategic direction for application of European Funds.

- To support the implementation of e-WDA.

These activities will build upon the existing range of Strategic Policy programmes and projects.

3. **Property Management £2.35m**

The land and property portfolio of the Agency has reduced in size very significantly in recent years as a consequence of the policy to dispose of completed property as early as practicable. The property currently in Agency ownership comprises development land of £54m together with some £52m of built assets that are not yet mature for sale but which will contribute over £4m to Agency revenue receipts in the plan year. The proposed property management expenditure is the minimum necessary to protect the value of this portfolio whilst also honouring contractual obligations to tenants.

4.4 Human Resources

The Agency employs over 550 staff, the cost of which accounts for around 16% of its annual expenditure. The Agency has a planned approach to the utilisation of human resources, as well as its' physical and financial assets, in order to ensure the maximum value from these. The Agency and NAW are working together to establish a programme of staff secondments in order to further develop the close working relationship between the two organisations. The Agency recognises that secondments can play an important role in a structured programme of career development for its staff and that such an approach will be mutually beneficial to the Assembly, the Agency and our clients and partner organisations.

The key features of the Agency's Human Resource Strategy include:

- The Agency is committed to the personal and career development of all its staff. In support of this objective, the Agency will seek to be recognised as an 'Investor in People' by 2002.
- A commitment to equal opportunities policies and practices, both in employment and in the delivery of Agency services to client groups. An effective Human Resource Strategy, grounded in the principles of equality of opportunity will directly underpin the success of the Agency in delivering the commitments within this document.
- Particular employment strategies will include job sharing and flexible working in order to achieve an optimum work-life balance. The Agency is undertaking a review of the Jobs & Pay scheme, one element of which includes an Equal Pay Audit. Equality of opportunity underpins all staff development programmes and training will be given to all staff to ensure non discriminatory practice in both service delivery and employment. The Agency will continue to be enthusiastic and active members of Chwarae Teg and Equality Exchange.
- An emphasis on the management of change and the need to support new ways of working

both within the Agency and in partner organisations and clients. These new ways of working may be through the adoption of e-commerce and e-business practices, or in new employment strategies. Either way the Agency will act as a 'model employer' and will promote best practice in the management and development of its own staff.

- The Agency's HR strategy seeks to balance the needs and career aspirations of individual employees with the need for the Agency to achieve its corporate aims and objectives. Through its Pathways to Learning Programme the Agency will seek to ensure the existence of a fully trained, motivated workforce who are committed to the achievement of the Agency's aims and objectives.
- The promotion of an unified organisational culture which is client focused, inclusive, yet which values diversity, both in terms of individual employees and the need to respond to local client needs.

4.4.1 Management Running Costs: £33m (including Land Division)

The planned expenditure on MRC has been increased to take account of the staffing and related costs arising from various new programmes and initiatives, principal among which are the implementation of the Entrepreneurship Action Plan and improving the Agency's IT infrastructure. A further case is being made to support a revitalised approach to inward investment strategies.

5. TARGETS, PERFORMANCE & EVALUATION

5.1 Performance Measures

Agency performance is currently based on the outputs shown below. New performance measures will be developed and introduced in 2001/02 to reflect new strategic priorities. These will include measures to monitor increased levels of industrial R&D, innovation and technology, take-up of e-Commerce and increasing quality of jobs; for example, setting targets for wage levels in new jobs.

Whilst these are being developed in parallel, the existing performance measures and proposed outputs are set out in the following table:

Programme Outputs

Proposed	Jobs	PSI	Land	Land	New	Bus.	Deals	Opp's	Funding
Targets		£M	Recl'd	Sales	Startups	Supp'd	£M	Created	Secured
2001-02			Ha	Ha				£M	£M

Competitive Development	5,617	112.5	2		342	21,800	51.1	168.9	2.5
Participation	1,478	0.3	0		477	2,900	0.3	0.2	2.5
Enterprise	2,881	94.7	0		1,828	7,000	0.1	0.1	0.2
Business Infrastructure	4,275	3.8	100		0	1,500	0	0	0.5
Regeneration	543	21.4	56		8	0	0	0	0.7
Land	500	60.0	0	36.8	0	0	0	0	0
Sub Total	15,294	292.6	158	36.8	2,655		51.5	169.2	6.3
Inward Investment	8,500	250.0	0	0	0		0	0	0
Total	23,794	542.6	158	36.8	2,655	33,300	51.5	169.2	6.3

Note: Jobs supported include jobs created and safeguarded as a result of participation in competitive development programmes, through inward investment (new and expansions) and ‘potential’ jobs associated with commercial and industrial floorspace created. These outputs take no account of ‘double counting’.

5.2 Strategic Targets

For the purpose of reporting to NAW, jobs and PSI (Private Sector Investment) are aggregated into Inward Investment and Business Development/Capital programmes and scored on project completion.

Targets	2000/2001 Targets	2001/2002 Proposed *
Jobs Supported <ul style="list-style-type: none"> • New & Existing Business Development within Wales • Projects from Inward Investment Activities 	19,000 10,500 8,500	23,000 14,500 8,500
Private Sector Investment <ul style="list-style-type: none"> • New & Existing Business Development within Wales • Projects from Inward Investment Activities 	£580m £290m £290m	£543m £293m £250m
NUTS II: W/V & West Wales <ul style="list-style-type: none"> • New & Existing Business Development within Wales • Jobs • PSI • Projects from Inward Investment Activities • Jobs • PSI • TOTAL • Jobs • PSI 	6,500 £165m 6,000	10,150 £205m 5,950 £175m

	£165m	
		16,100
	12,500	£380m
	£330m	
NUTS II: East Wales		
<ul style="list-style-type: none"> • New & Existing Business Development within Wales • Jobs • PSI • Projects from Inward Investment Activities • Jobs • PSI • TOTAL • Jobs • PSI 		
	4,000	4,350
	£125m	£88m
		2,550
	2,500	£75m
	£125m	6,900
	6,500	£163m
	£250m	

*** Note:** These strategic targets are necessarily based primarily on expenditure in prior years and the current project pipeline.

5.3 Evaluation

The Agency intends to develop in 2001/02 the terms of reference and guidelines for evaluation with support from NAW, to provide a new framework for evaluation in the Agency.

Key themes for evaluation, for example developing the knowledge economy, increasing e-Business and strategic area development, will be prioritised and within these a number of individual programmes will be evaluated at operational level.

The following programme is proposed:

- Knowledge Economy
- Technology and Innovation programmes

- e-Business
- Wales Information Society
- Strategic Area Development
- Land Reclamation

6. BUDGETS & FUNDING

6.1 Sources Of Funding

1. National Assembly for Wales

On November 29th 2000, the National Assembly for Wales published its Final Budget for 2001/2002 to 2003/2004, which sets out spending plans for 2001/2002 along with indicative spending proposals for future years. This published budget contains details of the £132.481m baseline Grant-in-Aid and NLF/PDC funding that the Assembly will make available to the Agency.

Within the Assembly final budget for Economic Development provision is made for programmes under the Pathway to Prosperity Fund. The Agency has been contracted to manage a number of specific initiatives, i.e. Accelerate Wales etc., for which additional Assembly funds are to be provided totalling some £2.853m.

Within Pathway to Prosperity provision of £3.35m is made for Finance Wales. As a wholly owned WDA subsidiary this money will be paid to Finance Wales Plc by the Agency as part of its programme expenditure. In addition, further monies of £5m are to be available for Finance Wales as a consequence of forecast year-end flexibility.

The Pathway to Prosperity Fund includes a budget of £23m as a match funding pot. In accordance with the principles recently proposed to the Assembly by the Assembly Finance Minister, the Agency expects that many of the Objective One projects that it is proposing for 2001/2002 will be eligible for match funding from that budget.

Based upon the level of Objective One projects that we anticipate will be approved we have assumed that £18m will be drawn down during from the match funding pot during the year.

Finally the Agri-Food programmes that the Agency are proposing under Objective One are expected to receive match funding of £7.975m from the Agriculture Division of the Assembly.

As a result of access to the match funding, Pathway Prosperity and Agriculture funding the total Assembly funding of the Agency and the programmes it manages is forecast to be at the enhanced level of £190m.

6.1.2 Self Generated Receipts

The Assembly have set the Agency a target of self-generated receipts of £30m. The Agency has carefully reviewed its potential for revenue receipts and the potential for asset sales and, regrettably, has concluded that only receipts of £24m can be generated from identifiable sources. The balance of £6m has not been made available to fund programmes but could be generated by new projects and other unforecast market opportunities. If as a result of such opportunities receipts over £24m are created, then any additional funds will be released as an increase for programme spend.

6.1.3 *European Receipts*

The Agency expects to receive European Grants for both established programmes and new Objective One activity. The grants are paid to the Agency in arrears, consequently the funding statement reflects the forecast of cash receipts rather than of programme expenditure.

6.1.4 Land Division

This division operates under a self-financial and ring-fenced budget. The Agency budget proposals therefore are based on the expectation of trading activity.

6.2 Funding (1)

	2000/01	2001/02	2002/03(2)	2003/04(2)
FUNDING SUMMARY	Forecast	Proposed	Proposed	Proposed
	Outturn	Budget	Budget	Budget
	£'000	£'000	£'000	£'000

Assembly Core Funding				
1. Grant-in-Aid	132,246			
a. Current Expenditure (excl. running Cost)	incl. Above	18,167	19,167	20,167
b. Running Cost		30,750	30,750	30,750
c. Capital Expenditure	0	107,965	110,015	115,015
d. CBDC Inheritance (Bute Avenue)	670	5,000	5,500	5,700
1. NLF		0	0	0
2. Public Dividend Capital		599	599	599
Less self Generated Receipts		(30,000)	(30,000)	(30,000)
Total Assembly Core Funding	132,916	132,481	136,031	142,231
Self-Generated Receipts	36,970	30,000	30,000	30,000
Assembly Project Funding				
1. Pathway to Prosperity Fund:				
a. ITC/Know How Counsellors		1,050	1,050	
b. Environmental Goods & Services 1		223	223	
c. Environmental Management Services		250	155	
d. Centres of Expertise		530	1,400	
e. Accelerate Wales		1,400	4,250	
f. Worklife Balance Fund		50	9,400	
2. Pathway to Prosperity – Finance Wales		3,350	1,500	4,500
3. TEC Transfer		9,400		9,400
a. Enterprise and MRC		4,000		1,500
b. Business Connect		5,500		

2. CBDC Inheritance (Portfolio Liabilities)		250		
3. Brymbo Land Reclamation		3,300		
4. Broughton Expansion (Airbus UK)		1,000		
5. Inward Investment				
Total Assembly Project Funding		30,303	17,978	15,400
Structural Funds				
1. European Receipts (Established Programmes)	13,418	17,988	5,000	
	n/a	12,752	9,000	
2. European Receipts (New Programmes)				10,000
3. Assembly Match Funding:				
a. Pathway to Prosperity Match Funding	n/a	18,000	14,000	
		5,000		15,000
b. Finance Wales (projected year end flexibility)		7,975		
c. Agri-Food Programmes				
Total Structural Funds	13,418	61,715	28,000	25,000
TOTAL (EXCL. LAND DIVISION)	183,304	254,499	212,009	212,631
Land Division Funding	31,131	18,884	23,293	23,293
TOTAL FUNDING		273,383	235,302	235,924
	214,435			

1. This excludes staff-related costs of supporting Objective One partnerships, likely to be in excess of £1m per annum.
2. Funding and expenditure for 2002/3 and 2003/4 are estimated and are to be confirmed.
- 3.

	2000/01	2001/02	2002/03(2)	2003/04(2)

<u>EXPENDITURE SUMMARY</u>	Forecast	Proposed	Proposed	Proposed
	Outturn	Budget	Budget	Budget
	£'000	£'000	£'000	£'000
Programme Expenditure			136,029	138,206
Established EU Programmes	126,017	128,403	5,000	5,000
Core Programme Expenditure		17,988	141,029	143,206
New European Programmes		146,391	9,000	10,000
	126,017	30,752		
Total Programmes	126,017	177,143	150,029	153,206
LG	22,000			
CBDC Inheritance (Bute Avenue)	2,370	10,000		
Brymbo Land Reclamation		5,000		5,700
Broughton Expansion (Airbus UK)		250	5,500	
Special Projects Fund		3,300		
Transferred TEC Programmes:		5,156		
Baseline Budget (Enterprise)	1,491			
Support for Business Connect		5,600		12,000
Business Birthrate Strategy		4,000	9,200	
MRC		1,500		
Other estimated expenditure		2,300		
				6,975

			12,530	
Total Special Projects	25,861	37,106	27,230	24,675
Management Running Costs		30,750	30,750	30,750
VAT/Taxation	26,826	2,500	2,500	2,500
ECSC/NLF Deficit	3,100	1,500	1,500	1,500
	1,500			
TOTAL (EXCL. LAND DIVISION)	183,304	248,999	212,009	212,631
Land Division Expenditure		16,591	21,000	21,000
Land Division MRC	29,113	2,293	2,293	2,293
CBDC Inheritance (Portfolio Liabilities)	2,018	5,500		
TOTAL EXPENDITURE		273,383	235,302	235,924
	214,435			

1. This excludes staff-related costs of supporting Objective One partnerships, likely to be in excess of £1m per annum.
2. Funding and expenditure for 2002/3 and 2003/4 are estimated and are to be confirmed.

6.3 Operational Budget Summary (Gross)

OPERATIONAL BUDGET SUMMARY £'000

[illegible]

COMPETITIVE DEVELOPMENT									
Supply Chains & Networks	1,714	1,831	2,098	4,132				9,775	
Innovation & Technology	1,758	593	1,070	1,722	8,310			13,453	
Information Society					9,291			9,291	
Financial Products		500			11,243			11,743	
Advance Premises	1,370	1,420	3,994	4,400	0			11,184	
Bespoke Premises	1,753	2,551	2,514	2,870	0			9,688	
Food					12,840			12,840	
Total	6,595	6,895	9,676	13,124	41,684	0	0	77,974	44.02%
PARTICIPATION	810	201	100	1,130	2,528	0	0	4,769	2.69%
ENTERPRISE DEVELOPMENT	2,455	1,720	300	853	10,538	0	0	15,866	8.96%
INWARD INVESTMENT									
International Marketing	150					6,250		6,400	
Bespoke Premises	2,160		1,500	1,742				5,402	
Total	2,310	0	1,500	1,742	0	6,250	0	11,802	6.66%
BUSINESS INFRASTRUCTURE									
Telecommunications					1,150			1,150	
Advance Premises	233	410	550	216				1,409	
Strategic Sites	4,020	1,698	5,310	6,685				17,713	
Other Sites	100		1,000					1,100	

Total	4,353	2,108	6,860	6,901	1,150	0	0	21,372	12.06%
REGENERATION									
Environmental Improvement	1,451	427	750	2,095				4,723	
Land Reclamation	463	50	1,570	8,452				10,535	
Urban & Rural Renewal	1,230	2,104	3,950	11,155				18,439	
Sustaining Communities	2,140	48	450					2,638	
Total	5,284	2,629	6,720	21,702	0	0	0	36,335	20.51%
CORPORATE EXPENDITURE									
Marketing						4,500		4,500	2.54%
Strategic Policy							1,525	1,525	0.86%
Property Management	412	500	475	813			150	2,350	1.33%
TOTAL PROGRAMMES	22,219	14,053	26,281	46,265	55,900	10,750	1,675	177,143	100%

Capital Expenditure	83,981		Revenue Expenditure	93,162			
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PROGRAMME: 2001/2001	NORTH	MID	SOUTH WEST	SOUTH EAST	BUS. DEV'T	INT.	CENT. DIVS.	TOTAL	% OF TOTAL
Other expenditure:									
Land Division:									
Land Division Expenditure	6,424	650	5,015	4,502				16,591	

Land Division MRC							2,293	2,293	
Ex CBDC Portfolio Liabilities				5,500				5,500	
LG				10,000				10,000	
BAE	3,300							3,300	
Brymbo	250							250	
CBDC Inheritance (Bute Avenue)				5,000				5,000	
Special Project Fund							5,156	5,156	
Transferred TEC Programmes							10,900	10,900	
Management Running Costs							30,750	30,750	
VAT/Taxation							2,500	2,500	
ECSC/NLF Deficit							1,500	1,500	
TOTAL	32,193	14,703	31,296	71,267	55,900	10,750	54,774	273,383	

Business Development Regional Spend (pro rata by business unit)	13,416	6,149	12,298	24,037					
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