

ACTION ARISING FROM PREVIOUS MEETINGS EDC-16-00 (p 1)

(Points are numbered for ease of reference)

Action point	Update	Action Complete?
<p>1. Assembly Secretary to discuss with the Chair plans for a 'scene-setting' seminar with representatives of the various monitoring committees. The timing of this would be dependent on progress with Objective 2 and 3 and the Rural Development Plan etc.</p> <p>ACTION: ASSEMBLY SECRETARY</p>	<p>Chair wrote to Assembly Secretary in October, requesting a discussion. Economic Development Minister to update on progress at meeting of 1 November 2000</p>	
1st March		
<p>1. Committee to consider Cardiff County Council's Development Plan for the Bay</p> <p>ACTION: COMMITTEE SECRETARIAT</p>	<p>County Council to make a presentation to the EDC at the meeting of 15 November</p>	
8 June		
<p>• Members to be given advance warning if possible when an announcement was about to be made on the application for RSA by BAE Broughton. (Item 1: Chair's opening remarks)</p> <p>ACTION: ASSEMBLY SECRETARY</p>	<p>Announcement made.</p> <p>Further update in Minister's oral report to committee on 18th October.</p>	YES
22 June		

<ul style="list-style-type: none"> • The Assembly Secretary to provide an audit of call centres as a paper. (Item 3: Assembly Secretary's report) <p>ACTION: ASSEMBLY SECRETARY</p>	<p>Paper to be provided end November</p>	
<ul style="list-style-type: none"> • The Assembly Secretary to talk to Stephen Timms, Treasury minister, to enlist Treasury support for regional distortion. Committee to return to the issue. (Item 4: Operating Aids) <p>ACTION: ASSEMBLY SECRETARY/CHAIR AND CLERK</p>	<p>Economic Development Minister to provide a paper on fiscal variation.</p>	
<p>6 July</p>		
<ul style="list-style-type: none"> • The Auditor General's and the Audit Committee's reports on Cardiff Bay Development Corporation to be considered by the EDC <p>ACTION: CHAIR AND CLERK</p> <ul style="list-style-type: none"> • The expert adviser to include recommendations on monitoring and evaluation of the Structural Funds in the context of the review of business support and development <p>ACTION: EXPERT ADVISER</p> <ul style="list-style-type: none"> • The issue of childcare and the WAC report to be included on the next agenda. <p>ACTION: CHAIR AND CLERK</p>	<p>Reports to be considered in the New Year (subject to Audit Committee's timetable).</p> <p>Ongoing</p> <p>To be included in November/December</p>	

<ul style="list-style-type: none"> • The Assembly Secretary to keep members informed of progress on the Hyder issue • Further thought to be given to a possible change in guidance to WIDAB following devolution • The Assembly Secretary to give further thought to points raised by members with regard to sector selectivity and the issue of whether WIDAB advice should be over-ruled where a particular scheme was deemed to be of sufficiently critical importance to the economy in a particular region (Item 3: Assembly Secretary’s report) <p>ACTION: ASSEMBLY SECRETARY</p>	<p>Discussion in Committee on 18th October (Item 3 of minutes)</p> <p>Update in Minister’s oral report to committee on 18th October, attached.</p> <p>Update in Minister’s oral report to committee on 18th October, attached, including a commitment to providing the committee with "regular reports on the way in which the distribution of RSA reflects the regional diversity and economic needs of all areas in Wales"</p>	<p>YES</p> <p>YES</p> <p>YES</p>
<p>12.The Assembly Secretary to provide members with a notional package which might be offered to an inward investor.</p> <p>13.The Assembly Secretary to update members on the ONS report which was to be issued shortly.</p> <p>ACTION: ASSEMBLY SECRETARY</p>	<p>Action in hand – paper for information at 15 November meeting.</p> <p>EDC-16-00(p7)</p>	<p>YES</p>
<p>20th July</p>		
<p>14. The Committee's work on the National Economic Development Strategy to ensure that targets are consistent with those in Betterwales.com and the Structural Fund Programme Complements, and that the base year is clear</p> <p>ACTION: CHAIR AND CLERK</p> <p>15. The Assembly Secretary to produce a paper for the Autumn setting-out alternative uses of the budget available, to include proposals from the range of agencies which would deliver the programmes.</p>	<p>In hand. This will be taken into account in ongoing work on the Strategy which is now proceeding</p> <p>To be considered in the context of the budget discussions in November.</p>	

<p>16. Assembly Secretary to provide an indicative figure for the cost of resourcing the provision of economic data</p> <p>ACTION: ASSEMBLY SECRETARY</p> <p>17. WEFO to advise on sums associated with regional and local plans.</p> <p>ACTION: ASSEMBLY SECRETARY/JOHN CLARKE</p>	<p>Paper to be provided in November</p> <p>Covered in report to EDC-15-00(p8)</p>	
<p>18. Assembly Secretary to revisit the issue of related budgets in other MEGs (paragraph 26 of EDC-14-00(p5)).</p> <p>ACTION: ASSEMBLY SECRETARY</p> <p>19. Committee to return to the issue of economic activity in the context of its work on the National Economic Development Strategy</p> <p>ACTION: CHAIR AND CLERK</p> <p>20. Assembly Secretary to clarify basis for the estimated commitments figure for Cardiff Bay (paragraph 11 of EDC 14-00(p5))</p> <p>ACTION: ASSEMBLY SECRETARY</p> <p>21. Assembly Secretary to ensure that paper on the draft budget included estimated measures of outcomes in relation to increased/decreased inputs. [Item4: Budget Priorities]</p> <p>ACTION: ASSEMBLY SECRETARY</p>	<p>To be considered in the context of the budget discussions</p> <p>Paper to be provided in November</p> <p>Letter from First Secretary circulated to members in October</p> <p>To be considered in the context of the budget discussions</p>	<p>YES</p>

<ul style="list-style-type: none"> • John Clarke to report on the impact of the delays in fast track approvals on the programme's expenditure profile. • John Clarke to report to the Committee on the PMC's forthcoming discussion of the relationship between regional and local plans. • John Clarke to investigate a reported delay in publishing the minutes of the PMC. [Item 5: Structural Funds] <p>ACTION: JOHN CLARKE</p>	<p>Covered in report to EDC-15-00(p8)</p> <p>Covered in report to EDC-15-00(p8)</p> <p>Covered in report to EDC-15-00(p8)</p>	<p>YES</p> <p>YES</p> <p>YES</p>
<ul style="list-style-type: none"> • Clerk to submit members' comments on the draft report on stage 1 of the Quinquennial Review of the WDA and the terms of reference for the second stage to the Assembly Secretary [Item 7: Quinquennial Review of the WDA] <p>ACTION: CLERK</p>	<p>Letter sent to First Secretary in October</p>	<p>YES</p>
<ul style="list-style-type: none"> • Chair to write to Michael Cochlin thanking him, on behalf of the Committee, for his contribution to its work. <p>ACTION: CHAIR</p>	<p>Letter sent in October</p>	<p>YES</p>
<p>18th October 2000</p>		
<p>27. to provide a further update on the deliberations of the All Wales Task Force on the Steel Industry [Item 3: Assembly Secretary's Report]</p> <p>ACTION: ECONOMIC DEVELOPMENT MINISTER</p>	<p>Included in Economic Development Minister's written report EDC-16-00(p9)</p>	<p>YES</p>
<p>28. Chair to include a full discussion of RSA on future agenda and Minister for Economic Development to provide a paper[Item 3: Assembly Secretary's Report]</p> <p>ACTION: CHAIR AND MINISTER FOR ECONOMIC DEVELOPMENT</p>	<p>To be arranged.</p>	

<p>29. In the case of revision to papers, they should be issued under a version number [Item 4: NEDS]</p> <p>ACTION: COMMITTEE SECRETARIAT</p> <p>30. Officials to revisit the GDP figures quoted in the draft NEDS, in line with the discussion in committee</p> <p>ACTION: ECONOMIC DEVELOPMENT MINISTER</p> <p>31. Points relating to skills to be further developed in the draft NEDS.</p> <p>ACTION: ECONOMIC DEVELOPMENT MINISTER</p>	<p>Noted.</p> <p>To be covered in ongoing work on the strategy.</p> <p>To be covered in ongoing work on the strategy.</p>
<p>• Economic Development Minister to provide a paper and accompanying map to explain the range of structural funds programmes for each area. [Item 7: INTERREG]</p> <p>ACTION: ECONOMIC DEVELOPMENT MINISTER</p>	<p>Paper to be provided in November.</p>
<p>• Economic Development Minister to ensure that members have timely access to Monitoring Committee papers, in accordance with an earlier agreement. [Item 8: Structural Funds]</p> <p>ACTION: ECONOMIC DEVELOPMENT MINISTER</p>	<p>In hand.</p>

ECONOMIC DEVELOPMENT MINISTER'S REPORT TO THE ECONOMIC DEVELOPMENT COMMITTEE – WEDNESDAY 18 OCTOBER 2000

Exceptional items only

Latest Economic Assessment

This morning ONS released figures from the LFS, new claimant count data and new data on employment from the employers' survey. These confirm that employment is rising slightly and unemployment falling.

Employment:

- LFS employment up 24,000 over year to August [not statistically significant, as usual]

- Employee jobs (based on surveys of employers rather than households as in LFS) up 1,000 over year to June.

Unemployment

- ILO rate (from LFS) shows fall of 22,000 over year to August (just statistically significant!).
- Claimant count shows reduction of 5,500 over year to September.

[Claimant count much less variable than LFS-based measure in Wales.]

Recent business surveys

D&B Survey:

- The number of business failures in Wales during the first three-quarters of this year is below that for the same period last year. Although this is good news, the percentage fall (0.7%) is the lowest for any UK region, with the exception of the North East where the number of failures increased.

The Cardiff Chamber Quarterly Economic Survey:

- A generally positive report covering the position in South East Wales. Business confidence amongst both manufacturers and service companies has increased on that in the previous quarter. The balance of respondents in both sectors who report higher sales and orders is greater than in the previous quarter.
- A higher net balance of firms also reported increased employment this quarter.

The exchange rate

- The effective exchange rate has appreciated by almost 30 per cent since mid 1996 with about two thirds of the rise occurring between mid 1996 and mid 1997.
- The rate against the *Euro* rose substantially from its inception at the beginning of 1999 until April this year, when it fell back through

June and July. Since then, the rate has risen and it is now slightly higher than its previous (average) high in April.

- The rate against the *dollar* has fallen significantly. In September, it briefly fell below \$1.40 – the lowest level since 1986. Today it stands at \$1.44, still very low by recent standards.
- The rate against the *yen* is about 5 per cent lower than in August 1996.

Major issues

BAE SYSTEMS, Broughton

A package of assistance amounting to £19.5million has been agreed to support the creation of 1700 new jobs at Broughton on the A3XX super-jumbo project. Negotiations have resulted in 300 more jobs and £30 million more investment than proposed under the company's initial RSA application.

In the end, it was agreed with the company that RSA was not the most appropriate route to pursue. The package of assistance is made up of property-related grant through the WDA (£14.9million) and training support through CELTEC (£4.6million). Unfortunately, as discussions were concluded during the recess, it was not possible to give Committee Members advance warning. It was judged that it was in everyone's interest to announce the outcome as soon as possible.

Other industrial developments

Since EDC last met there have been a number of significant developments. There have been a number of positive announcements including the safeguarding of jobs at Hotpoint and the call centre project being promoted by Lloyds TSB at Bridgend. There have also been major disappointments, including the further job losses announced by Corus and yesterday's announcement by Sony.

Fuel crisis

The non-statutory Memorandum of Understanding between the oil companies, central government and the devolved administrations commits the oil companies to make every reasonable effort to deliver fuel.

Public Appointments

The First Minister has agreed to re-appoint Sheila Drury, Gerry Long and Jeff Maddock as members of the Welsh Industrial Development Advisory Board for a further 3 years from 1 January 2001. An advertisement has this week been placed (in various publications including the Western Mail, The Times and a Welsh Language publication) for a new Chair and a number of new members to be appointed from 1 January 2001: this has been circulated to all Assembly Members for information.

The process for appointing members to the WDA is underway following a very good response to the advertisements.

Call Centre audit

Officials should receive the results of the audit at the end of October and a paper will be submitted to the EDC on 29 November.

WDA 5 yearly review

Following the completion of the Stage 1 review of the WDA, KPMG have been engaged to undertake the Stage 2 review. This will look at the scope for improving the effectiveness, responsiveness, quality of partnership working and efficiency of the Agency. The exercise will involve discussions with a wide range of interests and will draw on the Committee's review of business support. The review should be completed by early in the New Year.

ACTION OUTSTANDING FROM PREVIOUS MEETINGS

8 June	Action
3. Members to be given advance warning if possible when an announcement was about to be made on the application for RSA by BAE SYSTEMS, Broughton. (Item 1: Chair's opening remarks)	See above.

6 July	Action
<p>11. Further thought to be given to a possible change in guidance to WIDAB following devolution</p> <p>12. The Assembly Secretary to give further thought to points raised by members with regard to sector selectivity and the issue of whether WIDAB advice should be over-ruled where a particular scheme was deemed to be of sufficiently critical importance to the economy in a particular region</p>	<p>11 and 12. WIDAB's principal statutory role is to offer independent, expert business advice on large RSA applications, taking account of the criteria under which the scheme operates and recommendations from officials.</p> <p>The Economic Development Minister does not have to accept the Board's advice but would always need to give careful consideration to its advice on whether an application meets the necessary criteria and should be awarded RSA.</p> <p>In line with the commitment in the Partnership Agreement, I will ensure that the policy framework within which RSA operates in Wales supports the attraction of high-quality jobs and that the EDC receives regular reports on the way in which the distribution of RSA reflects the regional diversity and economic needs of all areas of Wales.</p>
13. The Assembly Secretary to provide members with a notional package which might be offered to an inward investor.	Officials have prepared an example of a typical inward investment case and I will arrange for it to be circulated to the Committee.

20 July	Action
<p>16. The Assembly Secretary to produce a paper for the autumn setting out the alternative uses of the budget available, to include proposals from the range of agencies which would deliver the budget.</p>	<p>On 15 November, the Committee will have the opportunity to consider the plans for the Welsh Development Agency and the Wales Tourist Board alongside the Finance Secretary's draft budget proposals.</p>

13 September	Action
<p>23. Assembly Secretary to revisit the issue of related budgets in other MEGs.</p>	<p>Officials will make every effort to provide information on related budgets as an Annex to the paper for 15 November on the Finance Secretary's draft budget.</p>
<p>26. Assembly Secretary to ensure that paper on the draft budget includes estimated measures of outcomes in relation to increased/ decreased outputs</p>	<p>Agreed. Proposed outputs will form an integral part of the paper on the draft budget.</p>